PAPERS

RELATING TO

THE PROCEEDINGS

OF

THE CONFERENCE ON THE FINANCIAL RELATIONS BETWEEN THE IMPERIAL AND THE PROVINCIAL GOVERNMENTS.

CALCUTTA.
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THE PROVINCIAL CONFERENCE.

My object in this Note is to state the subjects upon which the Government of India desires to have the opinion and suggestions of the Members of the Conference, and to furnish them with such initial information (in addition to the circular letter of the Government of India) as may be necessary to set out clearly the proposals on which their advice is sought.

2. The circular letter referred to set forth the existing provincial arrangements in a form adapted to the argument of the letter, and then made certain proposals for the alteration of these arrangements. It may be taken for granted that, so far as concerns anything besides a mere alteration of form, it will be impossible, before the commencement of the next financial year, to give to the general subject that full consideration and discussion which is necessary before any essential modification is made in the system of provincial contracts. Meantime, however, the general financial position requires that in next year's accounts a portion of the revenue which, under existing arrangements, is credited to provincial finances, be made available for the expenditure in charge of the Imperial Government. The Government of India are unable to estimate the required contribution below about half a crore of rupees, and the Conference will therefore be invited, in the first place, to advise (without taking up the general and more far-reaching question) as to the best way of distributing over the several Local Governments the demand which the Supreme Government finds it necessary to make. This question; to a certain extent, depends upon the general considerations belonging to the wider question, and the information now presented, with reference to that subject, may be of use in discussing it. But to a large extent it depends also upon the actual state of the available resources of the several local Governments. Without going so far as to argue that the actual possession of a considerable accumulated balance is, *pro tanto*, evidence that the existing contract makes too large an allowance for the necessities of current expenditure, it, at least, indicates the direction in which, with the least amount of disturbance of existing arrangements, a temporary measure of relief, such as the proposed adjustment of next year's finances, can be carried out.

3. For the purpose of enabling an opinion to be formed upon this point, I have had the actual accounts of 1887-88 (the first year of the existing contract) drawn up in a form admitting of direct comparison with the ruling figures of the contract. (See Statements C.) These figures are not final, but they may be taken as sufficiently shewing the state of the several provincial balances on March 31st, 1888.

4. I have also had another account drawn up, carrying these balances on to March 31st, 1889. (See Statement D.) The figures used for this purpose are the budget figures of 1888-89, corrected, according to the information received and collected by the several Accountants General, up to the beginning of November; that is, they are those of the "Six Months' Estimate" of 1888-89.

5. The figures may be thus abstracted—

Provincial only.	Bengal.	N.-W. P.	Madras.	Bombay.
1887-88.				
Opening Balance	19,99	43,38	43,37	54,90
Receipts	4,81,09	2,99,93	2,70,11	3,79,00
TOTAL	5,01,08	3,43,31	3,13,48	4,33,90
Expenditure	4,67,73	3,04,84	2,60,22	3,81,46
Closing Balance	33,35	38,47	53,26	52,44
1888-89.				
Receipts	4,87,33	3,25,33	2,75,17	3,80,23
TOTAL	5,20,68	3,63,80	3,28,43	4,32,67
Expenditure	4,94,95	3,29,89	2,72,89	3,92,57
Closing Balance	25,73	33,91	55,54	40,10

It should be noted that the expenditure charged against Civil Works in these two years is—

Bengal.	N.-W. P.	Madras.	Bombay.
70,51	57,18	44,40	84,55

against the Finance Committee's estimate of—

62,00	55,00	40,00	58,60

and further, that during the two years the Local balances increased (partly by grants from Provincial)—

from	21,76	1,62	53,52	21,65
to	27,31	2,86	58,89	24,06

6. I proceed now to state the general questions raised in the circular letter, so as to show the points upon which the opinion of the Conference is asked.

7. Whatever proposals are to be made with a view of removing, as between provinces, "the inequality in the manner in which public burdens are distributed," one part of the considerations on which they must be based must be an analytical comparison of the several provincial contracts. This was carried out to some extent in the letter of the Government of India referred to. I propose in this paper to present the same comparison in a clearer and more detailed form. The following remarks refer to the four statements of contract (Statements A and B for each province) attached to this Note; these statements are drawn up in precisely the same form for each of the four provinces, the letter-press in each statement being the same, and the figures only differing.

8. The provincial contracts do not, in every case, cover precisely the same ground. Their main subject is, on the one side, the ordinary expenditure of Civil Administration, Provincial and Local, and, on the other, the administration and collection of the revenues, excepting Salt, Opium, and Customs. But besides

these subjects, which may be regarded as covering the same area in all the provinces, there are certain special arrangements which may, for present purposes, be regarded as additions made to the original and essential part of the contract, which have been made in some cases only, and not in all. It is only after allowing for, or removing these special arrangements from the statement of the contract as a whole, that the remainders become exactly comparable with each other.

9. The principal one of these special arrangements is the contract in respect of irrigation; that is, the revenue and expenditure of irrigation has been made over to the Governments of Bengal, North-Western Provinces, and Madras, with a grant equal to the net burden. No contract has been made with Bombay in respect of irrigation. The figures of the irrigation portion of the contract are in the annexed Statements marked I; and being equal on both sides of the account may be considered removed without affecting the equality of the two sides.

10. Then there are three small items which may be regarded as subsidiary contracts. The first refers to certain Salt and Customs establishments, and certain miscellaneous Salt and Customs receipts. These items properly belong to an Imperial and general head of revenue; but the responsibility for them was transferred in Bengal and Madras, and to a limited extent in Bombay also. The second is an arrangement made with reference to certain items of expenditure classed as political, which amount to 3¾ lakhs in Bombay (as several Native States are under the charge of that Government), but are very small in Bengal, North-Western Provinces, and Madras. The last is a special arrangement made with Bengal in respect of an Imperial Railway—the Eastern Bengal Railway.

11. In all these cases certain receipts and expenditure were made over to the several Local Governments at a fixed valuation, and they must be separated from the body of the contract if we are to state the main contract in such a form as to be strictly comparative. The items in question are marked S*a*., S*b*., and S*c*. in the annexed Statements.

12. These items being removed the rest of the contract may be regarded as covering the same ground in each province. True, there are certain Provincial Railways in Bengal and North-Western Provinces—that is, Railways constructed on Provincial responsibility—which there are not in Madras and Bombay. They bring in a small amount of net receipts in both cases, and being the result of investments of provincial balances, the Provincial Government is entitled to these receipts, in addition to its contract in other matters. In 1887 the Imperial Government made a certain readjustment of those Railways which had the effect of reducing the net receipts coming into the provincial account, and in this statement of account the Imperial Account is shewn (for reasons explained in the circular letter) as reimbursing the Provincial Government by a grant equal to the estimated amount of the net receipts it took over. An adjustment, on the other side, is shewn in respect of the amount of Bengal Pilotage pensions paid by the Government of India which should be regarded as paid against the surplus of income which the Bengal Government receives upon this account.

13. But these being allowed for, we have, it seems to me, in the remaining items of the Provincial Contract, a statement of account which covers exactly the same ground in each Province, and which may be described as shewing on its two sides the items alluded to in the beginning of paragraph 8 above.

14. These items, however, are really of two categories, as explained in the circular letter alluded to, namely, "General" and "Local." The precise definition of what is General and what is Local is a matter on which the opinions of the Conference are sought,—the object and nature of the distinction are shewn in

the letter already alluded to, and have to be borne in mind in discussing the nature and details of the distinction. For the compilation of the statements attached to that letter, and of those attached to this note, the two classes have to be separated in detail, and although these details shew generally what is in the mind of the Government of India, they are liable to correction, either in detail or in principle* as may be found advisable. The figures are therefore in the annexed Statements divided into two columns, one of which shews the Provincial General Account, and the other the "Local" items which are at present (or were in 1886-87) included with them in the Provincial column.

15. With reference to this, then, the proposal is made (upon which the advice of the Conference is sought) that these Local items cease to be incorporated and mixed up with the General Account, but be treated in the way in which, as the accounts are at present made up, a Local Fund under the direct administration of the Local Government would be treated. Instead of the revenue and expenditure of this Account being stated in detail as part of the General Account, the General Account would simply shew a single entry (as it does in the case of contributions to Local Funds) of a grant to the Local Account of the net excess of the expenditure over the receipts. The receipts and expenditure of Local Funds under the management of Local authorities are already in this way separated from the General Account, and if we combine these receipts and expenditure with the local part of the Provincial Government's own account, we get a statement of the whole General Account and of the whole Local Account, made up for each Local Government in precisely the same way.

16. The annexed accounts are prepared upon this basis. The "General" part of the transactions is shewn in antique type, and the account thus stated possesses this advantage over the existing method of stating the accounts, that it is an account so far complete in itself that the items which lie outside it can be completely separated off, and may, for purposes of practical financial administration, be neglected by the Imperial Government, except in so far as they affect the single entry of "Grant for Local Expenditure."

17. Certain items, classified as "Special" in the circular letter of the Government of India, are only "Local" under another name, and it was not intended, for purposes of account, to distinguish them from the Local. In the annexed Statement the Total of the "Local" account is made up by adding—

(1) *Local*—in charge of Provincial Governments.
(2) *Local*—in charge of Local authorities.
(3) Special.

Continual transfers are being made from the first to the second category; and it will be an advantage if such transfers cease to necessitate any change in the form of the accounts.

18. So far, the matter is only one of alteration in form of account. The opinion of the Conference is next asked upon the proposal that the contribution from the General Account to the Local should be regarded as limited to its present amount. Without interfering with the discretion of Local Governments to utilize any savings in their General Account for this or for any other purpose, the Local Expenditure would have at least to be so administered that no *permanently established* increase of it could take place otherwise than by increase of Local Revenue or Receipts.

* As stated in the letter, some of the details of the separation depended upon information which the Government of India did not possess, and which it trusted to receiving at the hands of the Local Financial Authorities. Part of this information has already been received, but it has not been applied in correction of the figures of the original statements. It is thought better, for present purposes, not to introduce confusion by varying figures of which the original sources have been set forth in detail.

19. I have now to consider the General Account. This account is at present, and must continue to be, regarded as composed of two parts, *viz.*:—

(1) The net expenditure on Civil Administration;
(2) The share of net revenues, allotted to the Provincial Government, to meet the said expenditure;

besides the item already dealt with, of "Grant for Local Expenditure."

20. The items of the first category are, in the accompanying Statements, marked X, and those of the second are marked R. It will be understood that the details of what should be included in X and what in R, are (like the question of division between General and Local) subject to the advice of the Conference, but it is necessary to assume a particular division for the purpose of stating the case.

21. Now the X items, taken upon the estimates framed for the purpose of the present contracts, amount to a net sum of*—

Bengal.	N.-W. P.	Madras.	Bombay.
1,98,34	1,61,37	1,59,75	1,58,15

and this, therefore, is the amount of revenue—that is, of R items—that is allotted to meet them. If we take into account not only the allotment of revenue for provincial expenditure but also that for the local grant, there is a further allotment required for the latter, of—

14,95(*a*)	10,86	22,35	38,67

(*a*) This becomes 16,95 in consequence of an additional arrangement recently made.

The net Revenue out of which this allotment has to be made is—

5,40,91	6,54,30	5,58,14	4,31,88.

besides court-fees revenue amounting to—

96,07	47,17	35,32	26,53

and the manner in which that allotment is made, under existing arrangements, is shown in the second column of Statements B, namely, varying shares of the different revenue heads are made over to provincial, *plus* (or *minus*) a fixed sum which increases (or diminishes) the aggregate of those shares so as to make it equal to the exact amount required. It is obvious that there may be any number of different ways of dividing the Revenues between Imperial and Provincial, so as to give the latter the amount required. They all come to the same result upon the initial figures, but would differ in respect of the effect, upon the Provincial Account, of increase or decrease from the initial standard of Revenue. As already stated, the actual arrangement which has been selected out of all possible arrangements, is set forth in the second column of Statement B.

So far (except as regards the details of the division between Provincial and Local), we are travelling upon the basis of actual facts.

22. Now the problem of which the Government of India seeks the solution is this. At present, when the Government desires to revise the contracts, each province is taken separately, and the revision of each is made entirely without regard to the circumstances affecting the rest. This system necessitates laborious investigation, and is, moreover, in the opinion of the Government of India, attended with other disadvantages. Is it possible then to lay down a rule or standard by which, when the necessity for revision arises (say, by reason of the increase of the demands falling on the Imperial share of the Revenues),

* For the purpose of these figures, court-fees revenue is reckoned among the R items. It is proposed in future to include it among the X items.

an assessment can be made, which shall be, at least in a general way, fair as between the several provinces concerned?

23. One method of distribution of the R items between Imperial and Provincial, which it was thought would attain this end, was set forth in the letter of the Government of India of 2nd October last. It proposed to allot the required amounts of Revenue in the more simple fashion shown in the third column of the Statements B, namely:—

(*a*) For General purposes, a certain percentage of the Revenue heads (*i.e.*, the same percentage of each head) calculated to produce,

Bengal.	N.-W. P.	Madras.	Bombay.
1,98,31	1,61,37	1,59,75	1,58,15

or rather, after Court-fees revenue is transferred to the X category of items, of

1,02,01	1,12,36	1,23,79	1,31,62

these showing the net cost of expenditure upon Civil Administration that has to be provided for.

(*b*) For Local purposes a further lump sum of—

Bengal.	N.-W. P.	Madras.	Bombay.
16,95	10,86	22,35	38,67

The Statements A of the Accounts of the four provinces have been drawn up upon this basis; that is, the allotment under the R heads is a general percentage as follows:—

18·86	17·17	22·18	30·33

which gives the assignment of Revenue required for general purposes, and a further lump allotment is made for Local purposes, which would be passed through the Land Revenue Head. Any modification of the rate of allotment would alter the entries against these R heads, but, as it would work up to the same total, would not otherwise alter the entries, or the form, of the account.

24. In adopting this particular system, it was considered, as regards Local, that the provinces had equal claims for contribution from the General Account, and that if one obtained a larger contribution than another, it arose in some measure from the fact that local burdens were not to an equal extent thrown upon local resources. On this principle a heavier assessment would be demanded from those provinces which had the larger contribution.

25. Then as regards the General Account, it was considered that the proportion of Revenue spent upon the Local Civil Administration afforded a standard of judgment as between the several provinces, and that, when an assessment came to be made, it was fair to demand a larger proportionate reduction from those provinces which absorbed the large percentage.

26. There may be other considerations which ought to be taken into account, and there may be other ways of establishing a suitable rule of comparison and principle of assessment. The object which is sought has been stated in paragraph 22 above, and the Conference will be asked to advise as to the best way of attaining that object—that is, the best way in which the rule of the allotment of Revenue can be framed so as to attain not only the object hitherto sought (namely, the creation of a sufficient financial interest, on the part of each province, in the development of its revenues), but also, the further object of defining in some equitable way the manner in which the allotment may in future be modified from time to time in adaptation to the general state of the finances of the Empire.

J. W.

The 11th December 1888.

Explanation.

The percentages shown in Statements B differ slightly from those given in the Despatch; this arises mainly out of the closer examination given to the details in working out the accounts now stated.

The principal part of the difference arises from the correction referred to in the beginning of column 3 of Statements B. The Land Revenue head contains, besides Land Revenue proper, some receipts on account of expenditure incurred. These items, so far as I can trace them, are nearly as follows :—

	Bengal.	N.-W. P.	Madras.	Bombay.
Record Room Receipts	2	124	...	15
Cash Recoveries	1	3	3	19
Fines and Fees	3	2	3	10
Process Service	...	...	38	...
Office receipts, &c. (estimated)	20	20	20	20
TOTAL	26	149	64	64

These receipts ought, on the principle applied in the Government of India letter to Court-fee receipts, to be taken into the expenditure account;—they form a class of receipts of which the whole ought to go to the Local Government.

BENGAL.

Statements A and B.

Account of Revenue and Receipts.

Heading.		Provincial Account.			Local Account.			
	Classification.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Land Revenue—							
Revenue proper	R	3,82,24	72,08	...	...	...	...
Receipts taken against Expenditure	X	...	26	...	...	...	...
Salt	Sa	...	1,00	...	...	...	...
Stamps—							
Court fees	X	...	98,18	...	...	...	...
Other Receipts	R	36,32	6,85	...	...	...	...
Excise	R	99,26	18,72	...	...	...	...
Provincial Rates—							
Ordinary	...	...	...	38.00	40,24	...	78,24
Receipts taken against Expenditure	X	...	1,20	...	...	...	...
Customs	Sa	...	57	...	...	...	...
Assessed Taxes	R	35,68	6,73	...	...	...	...
Forests	R	7,00	1.32	...	...	...	...
Registration	R	10,76	2,03	...	...	...	...
Total	...	5,71,26	2,08,94	38,00	40,24	...	78,24
Interest	X	...	73	...	45	...	45
Law and Justice—							
Courts	X	...	7,69	...	...	...	...
Jails	X	...	3,46	...	...	...	...
Police—							
Presidency Police	X	...	15	...	...	...	...
Railway Police	X	...	...	...	...	...	...
District Police	...	...	...	...	...	...	...
Town Police	...	...	...	...	...	...	...
Cattle Pounds	...	...	...	4,61	...	...	4,61
Steam Boilers	X	...	40	...	...	...	...
Other Receipts	X	...	89	...	...	1,00	1,00
Marine—							
Pilotage	...	...	...	...	...	8,02	8,02
Other Receipts	X	...	6	...	...	...	...
Education	...	...	...	5,25	...	...	5,25
Medical—							
Colleges	X	...	20	...	...	...	...
Lunatic Asylums	X	...	31	...	...	...	...
Other Receipts	...	...	...	95	...	...	95
Scientific—							
Cinchona	X	...	1,16	...	...	...	...
Emigration	X	...	20	...	22	...	22
Examinations	X	...	1	...	...	...	...
Gardens	X	...	3	...	...	...	...
Other Receipts	X	...	1	...	...	...	...
Total	...	...	19,57	10,81	22	9,02	20,05
Superannuations	X	...	41	...	...	...	...
Stationery	X	...	1,23	...	...	...	...
Miscellaneous	X	...	7,45	...	1,19	...	1,19
Total	...	...	9,09	...	1,19	...	1,19
Post Office and Telegraph	...	...	...	...	19	...	19
Railway—Imperial Eastern Bengal	Sc	...	54,50	...	...	...	...
Provincial Railways	...	...	...	45,69	...	...	45,69
Irrigation	I	...	22,74	...	...	...	...
Civil Works—							
Tolls and Ferries	...	...	...	5,17	14	...	5,31
Other Receipts	X	...	2,33	...			
Total	...	...	79,57	50,86	14	...	51,00
Adjusted through Land Revenue. Varying Amount for Inter-Provincial Excise Arrangements	R	4	1	...	...	...	...
Grant from General Revenues for—							
Local Expenditure	L	...	14,95	...	...	...	...
Patwari Establishments	L	...	...	...	...	...	...
Irrigation	I	...	22,95	...	...	...	...
Salt and Customs Establishments	Sa	...	3,39	...	...	...	...
Political Expenditure	Sb	...	21	...	...	...	...
Imperial Railways	Sc	...	—17,99	...	...	...	...
Adjustment for items transferred between Imperial and Local Accounts—							
Provincial Railways	L.	...	+2,69	...	...	...	...
Bengal Pilotage Pensions, &c.	L	...	—1,54	...	...	...	...
Loan for Tank Restoration	I	...	...	...	...	...	...
Total	...	4	24,67	...	...	...	...
Grant from General Account	...	...	...	16,05	1,59	—1,54	16,10
GRAND TOTAL	...	5,71,30	3,42,57	1,15,72	44,02	7,48	1,67,22

MENT A.

Account of Expenditure.

Heading.		Provincial Account.			Local Account.			
	Classifications.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Refunds—							
Court-fees	X	...	80	...	18	...	18
Other Refunds	R	1,82	34	...	...	...	...
Assignments	R	43	9	...	...	...	...
Land Revenue—							
District Administration	X	...	27,08	...	...	...	...
Settlement and Land Record	R	2,90	55	...	...	...	...
Other Charges	R	5,78	1,09	...	...	...	...
Salt	S a	...	11	...	...	...	...
Stamps—							
Court-fees	X	...	1,31	...	...	...	...
Other Charges	R	3,51	66	...	...	...	...
Excise	R	3,84	72	...	...	...	...
Provincial Rates		..	..	...	1,91	...	1,91
Customs	S a	..	4,95	...	...	...	...
Assessed Taxes	R	1,70	32	...	...	...	...
Forests	R	4,50	85	...	...	...	..
Registration	R	5,91	1,11	...	...	...	...
Total	...	30,39	39,98	...	2,09	...	2,09
Interest	...	...	...	...	...	...	...
General Administration	X	...	15,62	...	1,30	...	1,30
Law and Justice—							
Courts	X	...	80,08	...	...	...	...
Jails	X	...	17,28	...	...	...	...
Police—							
Presidency Police	X	...	68	2,58	...	...	2,58
Railway Police	...	...	...	...	...	...	...
District Police	X	...	31,53	13	...	1,00	1,13
Town Police	...	...	...	8,00	...	...	8,00
Cattle Pounds	...	...	...	28	...	...	28
Steam Boilers	X	...	15	...	...	...	...
Other Charges	X	...	3,07	...	...	...	...
Marine—							
Pilotage	...	...	...	...	...	6,16	6,16
Other Charges	X	...	1,31	...	...	32	32
Education—							
University	...	...	...	...	...	...	...
Direction	X	...	55	...	...	...	...
Inspection	X	...	1,63	2,48	...	...	2,48
Other Charges	...	...	...	27,80	...	...	27,80
Medical—							
Medical Establishment	X	...	4,76	...	...	...	...
Medical Colleges	X	...	2,50	..	...	...	...
Presidency Hospitals	...	...	...	1,00	...	...	1,00
Other Hospitals and Dispensaries	...	...	...	3,31		...	3,32
Lunatic Asylums	X	...	1,10	...	...	...	...
Sanitation and Vaccination	X	...	95	75	...	...	75
Lock Hospital	...	...	...	18	...	...	18
Other Charges	...	...	4	...	...	...	...
Political	S b	...	21	...	...	...	...
Scientific—							
Cinchona	X	...	1,08	...	...	...	..
Emigration	X	...	20	...	29	...	29
Examination	X	...	2	...	...	...	
Veterinary Charges	..	...	...	...	...	...	...
Gardens	X	..	70	30	...	...	30
Other Charges	X	...	96	4	...	...	4
Total	...	...	1,64,42	46,85	1,60	7,48	55,93
Superannuations	X	...	12,54	...	1	...	1
Stationery	X	...	10,59	...	28	...	28
Miscellaneous	X	...	263	85	38	..	1,23
Total	...	...	25,76	85	67	..	1,52
Post Office and Telegraph	X	...	1	...	3,26	...	3,26
Imperial Railway—Eastern Bengal—							
Working Expenses	S c	...	29,50	...	...	...	...
Interest	S c	...	7,01	...	...	...	...
Provincial Railways—							
Working Expenses	...	...	...	30,11	...	...	30,11
Interest	...	...	...	21,01	...	...	21,01
Irrigation—							
Working Expenses	I	...	22,75	...	...	...	...
Interest	I	...	22,94	...	...	...	...
Civil Works—							
Communications	...	...	...	10,42			
Buildings	X	...	8,90	...	36,40	...	53,30
Establishment, Tools and Plant	X	...	5,20	6,08			
Civil Officers	...	...	...	40			
Total	...	...	96,30	68,02	36,40		1,04,42
Grant for Local Expenditure	L	...	16,10	...	...	...	...
GRAND TOTAL	...	30,39	3,42,57	1 15.72	44,02	7, 8	1,67,22

STATEMENT B.

Comparison of the existing and the proposed distribution of Revenue between Imperial and Provincial.

Amount for Distribution.			Provincial Share at present.		Provincial Share as proposed.		Remarks.	
Land Revenue—								
Divisible	3,78,63		¼	94,66	Out of the first item which is wrongly stated as "divisible." 26		(*a*) Grant for Provincial purposes proper	—31,75
Provincial	3,87	=3,73,82	1	3,87			Grant for other purposes (see account attached) 24,67 less 1	24,66
Expenditure	— 8,68		1	—8,68				
Stamps, excluding Court-fees	36,32 — 3,51	=32,81	¾	24,61	Of the remaining 5,40,91,(*b*) 18·86 per cent. or 1,02,01			
Excise	99,26 — 3,84	=95,42	¼	23,86				
Assessed Taxes	35,68 — 1,70							
Forests	7,00 — 4,50	=41,33	½	20,67				
Registration	10,76 — 5,91							
Refunds other than Court-fees	— 1,82	—1,82	Various	—97			Total, being the original contract —7,30 +21 afterwards granted for Political expenditure	—7,09
Assignments	— 43	—43	*Nil.*	0				
Excise adjustment	4	4	¼	1				
TOTAL, EXCLUDING COURT-FEES		5,41,17		1,58,03		1,02,27	(*b*) See first column of account attached—	
Court-fees—								
Revenue	98,18						Distributed Revenue	5,71,30
Expenditure	— 1,31	=96,07	¾	72,06	Whole	96,07	Distributed Expenditure	30,39
Refunds	— 80						Net	5,40,91
TOTAL				2,30,09		1,98,34		
Deduct repaid to Imperial Account				31,75(*a*)				
Net Revenue appropriated to net Provincial Expenditure				1,98,34		1,98,34		
Further Grant for Local Expenditure				14,95		14,95		

NORTH-WESTERN PROVINCES.

Statements A and B.

Account of Revenue and Receipts.

Heading.	Provincial Account.			Local Account.			
	Classification.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Land Revenue—							
Revenue proper	R	5,77,86	99,24	...	...	35	35
Receipts taken against Expenditure	X	...	1,49	...	...	...	
Salt	Sa		...	...	...	...	...
Stamps—							
Court-fees	X	...	47,65	...	...	...	...
Other Receipts	R	14,85	2,55	...	...	...	...
Excise	R	54,00	9,27	...	...	...	...
Provincial Rates—							
Ordinary	..	...	...	16,69	23,26	24,60	64,55
Receipts taken against Expenditure	X	...	...	...	1,96	...	1,96
Customs	Sa	...	...	...	...	...	...
Assessed Taxes	R	20,50	3.52	...	...	...	...
Forests	R	15,50	2,66	...	...	...	...
Registration	R	3,45	59	..	...	...	...
Total	...	6,86,16	1,66,07	16,69	25,22	24,95	66,86
Interest	X	...	...	7	26	...	33
Law and Justice—							
Courts	X	...	4.85	...	...	...	...
Jails	X	...	4,15	...		..	...
Police—							
Presidency Police	X	...	...	...	...	...	...
Railway Police	X	...	49	...	...	...	...
District Police	...	...	...	...	...	...	...
Town Police	...	...	...	61	...	...	61
Cattle Pounds	...	...	...	1,80	...	...	1,80
Steam Boilers	X	..	...	...	...	...	...
Other Receipts	X	...	76	...	...	..	
Marine—							
Pilotage	...	...	...	...	...	...	...
Other Receipts	X	...	...	...	...	...	...
Education	...	...	...	1,30	1,34	...	2,64
Medical—							
Colleges	X	...	...	...	...	...	...
Lunatic Asylums	X	...	4	...	...	...	...
Other Receipts	...	...	...	2	90	...	92
Scientific—							
Cinchona	X	...	...	...	...	...	...
Emigration	X	...	6	...	...	...	...
Examinations	X	...	...	...	...	...	...
Gardens	X	...	24	...	...	...	...
Other Receipts	X	...	66	...	2	...	2
Total	...	..	11,25	3,73	2,26		5,99
Superannuations	X	...	16	...	...	...	...
Stationery	X	...	51	...	...	...	...
Miscellaneous	X	...	99	1,67	1,37	...	3,04
Total	...	...	1,66	1,67	1,37	...	3,04
Post Office and Telegraph	...	...	...	...	..		...
Imperial Railways	Sc	...	...	...	...	...	..
Provincial Railways	...	...	...	30	...	...	30
Irrigation	I	...	55,40	...	...	...	...
Civil Works—							
Tolls and Ferries	...	...	...	7,26	78	...	8,04
Other Receipts	X	..	1.74	...			
Total	...	...	57,14	7,56	78	...	8,34
Adjusted through Land Revenue. Varying Amount for Inter-Provincial Excise Arrangements	R	—2,08	—36	...	...	...	...
Grant from General Revenues for—							
Local Expenditure	L	...	10.86	...	...		...
Patwari Establishments	L	...	34 33	...	..	...	...
Irrigation	I	...	—5,51	...		...	...
Salt and Customs Establishments	Sa	...	..	...	...	...	...
Political Expenditure	Sb	...	11	...	...		...
Imperial Railways	Sc	...	...	...	...	...	...
Adjustment for items transferred between Imperial and Local Accounts—							...
Provincial Railways	L	....	1,47	...	...	...	...
Bengal Pilotage Pensions, &c.	L	...	...	...	...	...	...
Loan for Tank Restoration	I		...	..	.	...	...
Total	.	—2 08	40,00	...	...	.	...
Grant from General Account	...	..		—79	13,12	34,33	46,66
GRAND TOTAL	...	6,84,08	2,77,92	28,93	43,01	59,28	1,31,22

MENT A.

Account of Expenditure.

Heading.	Provincial Account.			Local Account.			
	Classification.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Refunds—							
Court-fees	X	...	48	...		...	4
Other Refunds	R	1,18	20	...		...	...
Assignments	R	72	12	...	...	...	...
Land Revenue—							
District Administration	X	..	35,00	...	...	...	...
Settlement and Land Record	R	11,04	1,90	...	...	34,68	3,468
Other Charges	R	2,55	43	...	20	...	29
Salt	Sa	...	...	...	...	...	...
Stamps—							
Court-fees	X	...	...	...	...	...	...
Other Charges	R	1,32	22	...		...	...
Excise	R	1,21	20	7	...	...	7
Provincial Rates	...	...	...	...	...	...	...
Customs	Sa	...		...	...	...	...
Assessed Taxes	R	10	2	...	...	...	..
Forests	R	9,75	1,69	...	...	...	..
Registration	R	1,91	33	...	...	...	...
Total	...	29,78	40,59	7	24	34,68	34,99
Interest	...	...	...	...	...	...	...
General Administration	X	...	12,54	...	85	...	85
Law and Justice—							
Courts	X	...	42,35	...	...	...	...
Jails	X	...	10,50	...	...	...	...
Police—							
Presidency Police	X	...	...	...	...	...	..
Railway Police	...	...	...	...	...	...	...
District Police	X	...	30,35	...	...	24,60	24,60
Town Police	...	...	...	7,00	...	...	7,00
Cattle Pounds	...	...	...	65	...	...	65
Steam Boilers	X	...	...	...	...	...	...
Other Charges	X	...	46	15	...	...	15
Marine—							
Pilotage	...	...	...	...	...	...	..
Other Charges	X	...	...	...	...	...	..
Education—							
University	...	...	...	...	...	...	...
Direction	X	...	40	...	2,52	...	2,52
Inspection	X	...	...	...	...	...	...
Other Charges	...	...	...	3,40	11,90	...	15,
Medical—							
Medical Establishment	X	...	5,29	...	...	...	...
Medical Colleges	X	...	20	...	...	...	...
Presidency Hospitals	...	...	...	...	...	...	...
Other Hospitals and Dispensaries	...	...	...	6	4,06	...	4,12
Lunatic Asylums	X	...	60	...	...	...	...
Sanitation and Vaccination	X	...	82	14	68	...	82
Lock Hospital	...	...	...	...	..	...	...
Other Charges	...	...	3	...	...	...	...
Political	Sb	...	11	...	...	...	...
Scientific—							
Cinchona	X	...	...	...	...	...	...
Emigration	X	...	2	...	...	...	...
Examination	X	...	...	...	...	...	...
Veterinary Charges	...	...	..	...	...	...	...
Gardens	X	...	29	60	...	...	60
Other Charges	X	...	1,73	30	6	...	36
Total	...	...	1,05,69	12,30	20,07	24,60	56,97
Superannuations	X	...	13,48	...	2	...	2
Stationery	X	...	5,65	...	...	...	...
Miscellaneous	X	...	74+2,80(a)	1,08	8	...	1,10
Total	...	...	22,67	1,08	10	...	1,19
Post Office and Telegraph	X	...	...	...	1,96	...	1,96
Imperial Railway—							
Working Expenses	Sc	...	...	...	...	..	..
Interest	Sc	...	...	...	...	...	...
Provincial Railways—							
Working Expenses	...	...	...	40	...	...	40
Interest	...	...	...				
Irrigation—							
Working Expenses	I	...	22,98	...	...	...	...
Interest	I	...	26,01		...	...	...
Civil Works—							
Communications	...	...	...	10,70			
Buildings	X	...	9,30	...	20,64	...	35 7a
Establishment, Tools and Plant	X	..	3,12	3,58			
Civil Officers	...	...	..	80			
Total	..	..	62,31	15,48	20,64	...	36,12
Grant for Local Expenditure	L	...	12,33 34,33		..	...	
GRAND TOTAL	...	29,78	2,77,92	28,93	43,01	59,28	1,31,22

(a) Surplus allowed.

STATEMENT B.

Comparison of the existing and the proposed distribution of Revenue between Imperial and Provincial.

Amount for Distribution.			Provincial Share at present.		Provincial Share as proposed		Remarks.	
Land Revenue—								
Divisible	5,74,00		¼	1,43,50	Out of the first item 1,34 is wrongly stated as divisible; it includes patwari receipts . 35 and general receipts . 1,49		(*a*) Grant for Provincial purposes proper	—45,69
Provincial	5,70	=5,66,11	1	5,70				
Expenditure	— 13,59		1	—13,59			Grant for other purposes, see account attached.	41,26
Stamps, excluding Court-fees	14,85 — 1,32	=13,53	¾	10,15				
Excise	54,00 — 1,21	=52,79	¼	13,20				
Assessed Taxes	20,50 — 10							
Forests	15,50 — 9,75	=27,69	½	13,84	Of the remaining 6,54,30, (*b*) 17·17 per cent. or 1,12,36		Total, being the —4,54 of the original contract, *plus* 11 afterwards granted for Political expenditure . .	—4,43
Registration	3,45 — 1,91							
Refunds other than Court-fees		—1,18	Various	—60				
Assignments		—72	*Nil.*					
Excise adjustment		—2,08	¼	—52				
TOTAL, EXCLUDING COURT-FEES		6,56,14		1,71,68		1,14,20	(*b*) See first column of account attached—	
Court-fees—								
Revenue	47,65						Distributed Revenue .	6,84,08
Expenditure		47,17	¾	35,38	Whole . . . 47,17		Distributed Expenditure . . .	29,78
Refunds	— 48							
TOTAL				2,07,06		1,61,37		6,54,30
Deduct repaid to Imperial Account				—45,69 (*a*)				
Net Revenue appropriated to net Provincial Expenditure				1,61,37		1,61,37		
Further Grant for Local Expenditure				10,86		10,86		

MADRAS.

Statements A and B.

Account of Revenue and Receipts.

Heading.		Provincial Account.			Local Account.			
		Classification.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Land Revenue—								
Revenue proper		R	4,53,03	1,00,48	...	94	9,84	10,78
Receipts taken against Expenditure		X	...	64	...	...	...	...
Salt		Sa	...	1,37	...	...	...	...
Stamps—								
Court-fees		X	...	36,10	...	...	...	...
Other Receipts		R	21,90	4,85	...	...	...	...
Excise		R	88,00	19,53	...	...	...	...
Provincial Rates—								
Ordinary		...	...	...	...	42,93	21,61	64,54
Receipts taken against Expenditure		X	...	...	...	...	...	...
Customs		Sa	...	27	...	...	...	...
Assessed Taxes		R	11,20	2,48	...	...	...	...
Forests		R	13,00	2,88	...	...	...	...
Registration		R	8,75	1,94	...	...	...	...
	Total	...	5,95,88	1,70,54	...	43,87	31,45	75,32
Interest		X	...	3	...	76	...	76
Law and Justice—								
Courts		X	...	4,01	...	...	...	...
Jails		X	...	1,93	...	...	...	...
Police—								
Presidency Police		X	...	...	...	...	...	...
Railway Police		X	...	...	...	...	...	...
District Police		...	...	...	...	...	...	...
Town Police		...	...	...	...	...	...	...
Cattle Pounds		...	...	...	2,52	...	...	2,52
Steam Boilers		X	...	...	...	...	...	...
Other Receipts		X	...	50	...	...	...	...
Marine—								
Pilotage		X	...	...	6	...	...	6
Other Receipts		X	...	...	...	...	...	...
Education		...	...	...	1,65	1,14	...	2,79
Medical—								
Colleges		X	...	15	...	...	...	...
Lunatic Asylums		X	...	21	...	...	...	...
Other Receipts		...	...	...	84	14	...	98
Scientific—								
Cinchona		X	...	82	...	...	...	...
Emigration		X	...	11	...	...	...	...
Examinations		X	...	67	...	...	...	...
Gardens		X	...	...	3	...	...	3
Other Receipts		X	...	2	...	...	...	...
	Total	...	...	8,42	5,10	1,28	...	6,38
Superannuations		X	...	24	...	1	...	1
Stationery		X	...	78	...	...	...	...
Miscellaneous		X	...	75	...	4,87	...	4,87
	Total	...	...	1,77	...	4,88	...	4,88
Post Office and Telegraph		...	...	...	...	...	...	...
Imperial Railways		Sc	...	...	...	...	...	...
Provincial Railways		...	...	...	...	...	...	...
Irrigation		I	...	54	...	...	...	...
Civil Works—								
Tolls and Ferries		...	...	...	...	7,41	...	7,41
Other Receipts		X	...	1,10	...	...	...	...
	Total	...	...	1,64	...	7,41	...	7,41
Adjusted through Land Revenue. Varying Amount for Inter-Provincial Excise Arrangements		R	1,24	28	...	...	...	...
Grant from General Revenues for—								
Local Expenditure		L	...	22,35	...	...	...	...
Patwari Establishments		L	...	...	...	...	...	...
Irrigation		I	...	25,97	...	...	...	...
Salt and Customs Establishments		Sa	...	—6	...	...	...	...
Political Expenditure		Sb	...	75	...	...	...	...
Imperial Railways		Sc	...	...	...	...	...	...
Adjustment for items transferred between Imperial and Local Accounts—								
Provincial Railways		L	...	...	...	...	...	...
Bengal Pilotage Pensions, &c.		L	...	...	...	...	...	...
Loan for Tank Restoration		I	...	...	...	...	...	...
	Total	...	1,24	49,29	...	...	...	
Grant from General Account		...	...	...	21,97	38	...	22,35
	Grand Total	...	5,97,12	2,31,69	27,07	58,58	31,45	1,17,10

Account of Expenditure.

Heading.	Provincial Account.			Local Account.			
	Classification.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Refunds—							
Court-fees	X	...	40	...	...	...	...
Other Refunds	R	2,11	47	...	10	...	10
Assignments	R	5,47	1,21	...		...	...
Land Revenue—							
District Administration	X	...	34,87	..	...	...	...
Settlement and Land Record	R	10,70	2,37	...	...	31,45	31,45
Other Charges	R	...	25	...	...	..	...
Salt	S a	...	...	...	...	...	...
Stamps—							
Court-fees	X	...	38	...	...	...	...
Other Charges	R	1,08	24	...	...	...	...
Excise	R	2,57	57	...	...	...	...
Provincial Rates	...	...		...	...	...	...
Customs	S a	...	1,58	...	...	...	...
Assessed Taxes	R	30	7	...	...	...	...
Forests	R	10,50	2,34	...	...	...	...
Registration	R	6,25	1,38	...	...	...	...
Total	...	38,98	46,13	...	10	31,45	31,55
Interest	...	...	...	...	11	...	11
General Administration	X	...	10,47	...	2,00	...	2,00
Law and Justice—							
Courts	X	...	39,62	...	...	...	...
Jails	X	...	8,42	...	...	...	...
Police—							
Presidency Police	X	...	7	1,44	...	...	1,44
Railway Police	...	...	...	...	...	...	...
District Police	X	...	27,80	...	...	...	...
Town Police	...	...		5,00	...	...	5,00
Cattle Pounds	...	...	...	1,40	...	...	1,40
Steam Boilers	X	...	...	...	...	...	...
Other Charges	X	...	1,48	...	...	...	...
Marine—							
Pilotage	...	...	...	5	...	...	5
Other Charges	X	...	14	...	...	...	...
Education—							
University	...	...	...	...	...	...	...
Direction	X	...	44	...	...	...	...
Inspection	X	...	1,16	83	58	...	1,41
Other Charges	...	...	...	8,23	6,40	...	14,63
Medical—							
Medical Establishment	X	...	4,58	55	...	...	55
Medical Colleges	X	...	59	...	...	...	...
Presidency Hospitals	...	...	73(a)	3,41	...	...	3,41
Other Hospitals and Dispensaries	...	...		20	3,49	...	3,69
Lunatic Asylums	X	...	80	...	17	...	17
Sanitation and Vaccination	X	...	61	7	1,42	...	1,49
Lock Hospital	...	...	13	...	...	...	...
Other Charges	...	...	17	...	...	...	...
Political	S b	...	75	...	...	...	...
Scientific—							
Cinchona	X	...	84	...	...	...	...
Emigration	X	...	21	...	...	...	...
Examination	X	...	69	...	...	...	...
Veterinary Charges	...	...		43	...	...	43
Gardens	X	...	20	5	...	...	5
Other Charges	X	...	1,38	...	...	...	...
Total	...	...	1,01,28	21,66	14,06	...	35,72
Superannuations	X	...	9,76	...	10	...	10
Stationery	X	...	7,66	...	...	...	...
Miscellaneous	X	...	1,70	64	4,82	...	5,46
Total	...	...	19,12	64	4,92	...	5,56
Post Office and Telegraph	X	...	...	1,07	...	...	1,07
Imperial Railways—							
Working Expenses	S c	...	...	...	...	...	...
Interest	S c	...	...	...	...	...	...
Provincial Railways—							
Working Expenses	...	...	...	...	...	...	...
Interest	...	...	...	...	...	...	...
Irrigation—							
Working Expenses	I	...	26,51	...	...	...	...
Interest	I	...	...	...	...	...	...
Civil Works—							
Communications	...	...	...	1,90			
Buildings	X	...	8,17		39,39	...	43,09
Establishment, Tools and Plant	X	...	5,80	1,20			
Civil Officers	...	...	2,33	60			
Total	...	...	42,81	3,70	39,39	...	43,09
Grant for Local Expenditure	L	...	22,35	...	...	...	...
GRAND TOTAL	...	38,98	2,31,69	27,07	58,58	31,45	1,17,10

(a) This is properly Medical Establishment.

STATEMENT B.

Comparison of the existing and the proposed distribution of Revenue between Imperial and Provincial.

Amount for Distribution.			Provincial Share at present.		Provincial Share as proposed.		Remarks.	
Land Revenue—								
Divisible	4,53,67		¼	1,13,42	Out of the first item - an amount, wrongly entered as divisible	61	(*a*) Grant. for Provincial purposes proper	—15,25
Provincial Expenditure	— 10,70	=4,42,97	1.	—10,70	Of the remaining 5,58,14, (*b*) 22·18 per cent. or	1,23,79	Grant for other purposes, see account attached	49,01
Stamps, excluding Court-fees	21,90 — 1,08	=20,82	¾	15,62				
Excise	88,00 — 2,57	=85,43	¼	21,37			Total, being the 33·01 of the original contract, *plus* 75 afterwards granted for Political expenditure	33,76
Assessed Taxes	11,20 — 30	=10,90	½	5,45				
Forests	13,00 — 10,50	=2,50	1	2,50				
Registration	8,75 — 6,25	=2,50	½	1,25				
Refunds other than Court-fees		—2,11	Various	—71				
Assignments		—5,47	*Nil.*					
Excise adjustment		1,24	¼	31				
TOTAL, EXCLUDING COURT-FEES		5,58,78		1,48,51		1,24,43	(*b*) See first column of attached account—	
Court-fees—								
Revenue	36,10						Distributed Revenue	5,97,12
Expenditure	— 38	35,32	¾	26,49	Whole	35,32	Distributed Expenditure	38,98
Refunds	— 40						Net	5,58,14
TOTAL				1,75,00		1,59,75		
Deduct repaid to Imperial Account				15,25 (*a*)				
Net Revenue appropriated to net Provincial Expenditure				1,59,75		1,59,75		
Further Grant for Local Expenditure				22,35		22,35		

BOMBAY.

Statements A and B.

Account of Revenue and Receipts.

Heading.		Provincial Account.			Local Account.			
		Classification.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Land Revenue—								
Revenue proper		R	3,27,36	99,29	...	1,24	...	1,24
Receipts taken against Expenditure		X	...	64	...	...	81,09	81,09
Salt		S a	...	24	...	...	...	...
Stamps—								
Court-fees		X	...	27,03	...	...	...	...
Other Receipts		R	18,77	5,69	...	...	...	...
Excise		R	91,05	27,61	...	...	...	...
Provincial Rates—								
Ordinary		...	...	...	55	23,36	...	23,91
Receipts taken against Expenditure		X	...	...	...	...	2,20	2,20
Customs		S a	...	36	...	...	...	...
Assessed Taxes		R	28,10	8,52	...	...	...	...
Forests		R	31,00	9,39	...	...	...	...
Registration		R	3,93	1,19	...	...	...	...
	Total	...	5,00,21	1,79,96	55	24,60	83,29	1,08,44
Interest		X	...	57	...	10	...	10
Law and Justice—								
Courts		X	...	2,85	...	...	...	...
Jails		X	...	2,35	...	...	...	...
Police—								
Presidency Police		X	...	...	76	...	...	76
Railway Police		X	...	...	...	...	...	...
District Police		...	...	...	...	...	...	...
Town Police		...	...	...	66	...	...	66
Cattle Pounds		...	...	...	1,91	2,12	...	4,03
Steam Boilers		X	...	...	...	12	...	12
Other Receipts		X	...	2,18	...	1	...	1
Marine—								
Pilotage		...	...	...	50	...	...	50
Other Receipts		X	...	...	...	...	...	...
Education		...	...	...	3,00	3,55	...	6,55
Medical—								
Colleges		X	...	28	...	...	...	...
Lunatic Asylums		X	...	12	...	...	...	...
Other Receipts		...	...	...	35	...	...	35
Scientific—								
Cinchona		X	...	...	...	...	...	...
Emigration		X	...	...	...	...	...	...
Examinations		X	...	...	...	...	...	...
Gardens		X	...	...	7	3	...	10
Other Receipts		X	...	14	...	1	...	1
	Total	...	...	7,92	7,25	5,84	...	13,09
Superannuations		X	...	1,60	...	...	...	...
Stationery		X	...	44	...	...	...	...
Miscellaneous		X	...	62	...	86	...	86
	Total	...	...	2,66	...	86	...	86
Post Office and Telegraph		...	...	6	...	...	...	...
Eastern Bengal Railway		S c	...	...	...	...	...	...
Provincial Railways		...	...	...	...	...	...	...
Irrigation		I	...	...	...	...	...	...
Civil Works—								
Tolls and Ferries		...	...	...	7,00	4,10	...	11,10
Other Receipts		X	...	53	...			
	Total	...	...	53	7,00	4,10	..	11,10
Adjusted through Land Revenue. — **Varying Amount for Inter-Provincial Excise Arrangements**		R	...	...	...	...	...	...
Grant from General Revenues for—								
Local Expenditure		L	...	38,67	...	...	...	...
Patwari Establishments		L	...	...	...	...	...	...
Irrigation		I	...	...	...	...	...	...
Salt and Customs Establishments		S a	...	...	...	...	...	...
Political Expenditure		S b	...	3,72	...	...	...	...
Imperial Railways		S c	...	...	...	...	...	...
Adjustment for items transferred between Imperial and Local Accounts—								
Provincial Railways		L	...	...	...	...	...	...
Bengal Pilotage Pensions, &c.		L	...	...	...	...	...	...
Loan for Tank Restoration		I	...	...	...	...	...	...
	Total	...	...	42,39	...	...	...	...
Grant from General Account		...	...	...	33,00	5,67	...	38,67
	GRAND TOTAL	...	5,00,21	2,34,09	47,80	41,17	83,29	1,72,26

Account of Expenditure.

Heading.	Provincial Account.			Local Account.			
	Classification.	Total for Distribution.	Amount.	In charge of Provincial Government.	In charge of Local Authorities.	Special Items.	Total.
Refunds—							
Court-fees	X	...	50		...		
Other Refunds	R	1,05	32		...		
Assignments	R	13,79	4,18	...		67,10	67,10
Land Revenue—							
District Administration	X	...	29,67	..	...	..	
Settlement and Land Record	R	9,25	2,80	...	..		
Other Charges	R	18,25	5,53	...	1	9,17	9,18
Salt	S a	...	...	...	...		...
Stamps—							
Court fees	X	...	...	..		...	...
Other Charges	R	1,94	59	...		...	...
Excise	R	2,58	78	...	...	...	...
Provincial Rates	...	...	...	55	2	...	57
Customs	S a	...	...	...		...	...
Assessed Taxes	R	45	14	...		...	...
Forests	R	18,50	5,61	...	...	..	...
Registration	R	2,52	76	...	..	...	...
Total	...	68,33	50,88	55	3	76,27	76,85
Interest	...	...	..	...	15	...	15
General Administration	X	..	12,49	...	1,03	.	1,03
Law and Justice—							
Courts	X	...	44,62	..	...	...	...
Jails	X	...	6,07	...	...	...	...
Police—							
Presidency Police	X	...	18	2,69	..	...	2,69
Railway Police	...	...	...	...	...		...
District Police	X	...	30,00	...	...	4,82	4,82
						2,20	2,20
Town Police	...	...	...	5,00	...	...	5,00
Cattle Pounds	...	...	...	85	80		1,65
Steam Boilers	X	...	...	....	11		11
Other Charges	X	...	4,52	...	...	...	..
Marine—							
Pilotage	...	...		...	...	...	...
Other Charges	X	...	20		...	...	3
Education—							
University	...	...	15	...	...	...	
Direction	X	...	43	...	...	...	
Inspection	X	...	77	1,41	...	...	1,41
Other Charges	....	...	...	12,46	14,96	...	27,42
Medical—							
Medical Establishment	X	...	2,80	...	...	...	..
Medical Colleges	X	...	1,91	...	...	...	...
Presidency Hospitals	...	...	...	1,85	...	...	1,85
Other Hospitals and Dispensaries	...	...	...	2,98	78	...	3,76
Lunatic Asylums	X	...	1,01	...	...	...	...
Sanitation and Vaccination	X	...	1,25	53	94	...	1,47
Lock Hospital	...	...	23	...		...	...
Other Charges	...	...	24	...	...	...	...
Political	S b	...	3,74 (a)	...	...	...	...
Scientific—							
Cinchona	X	...	...	...	...	.	...
Emigration	X	...	..	...	...	...	.
Examination	X	...	...	...	...	...	...
Veterinary Charges	...	...	...	20	21	...	41
Gardens	X	...	...	16	8	...	24
Other Charges	X	...	1,93	...	10	...	10
Total	...	...	1,12,54	28,16	19,01	7,02	54,19
Superannuations	X	...	12,95	...	1	...	1
Stationery	X	...	5,84	...	10	...	10
Miscellaneous	X	...	1,60	22	66	...	88
Total	...	...	20,39	22	77	...	99
Post Office and Telegraph	X	..	11	1,07	..	...	1,07
Imperial Railway—Eastern Bengal—							
Working Expenses	S c	...	...	...	...	...	...
Interest	S c	...	...	...	...	...	...
Provincial Railways—							
Working Expenses	...	...	...	...	...	...	...
Interest	...	...	...	...	...	...	...
Irrigation—							
Working Expenses	I	...	...	...	...	...	...
Interest	I	...	...	...	...	...	...
Civil Works—							
Communications	...	...	...	11,80			
Buildings	X	...	8,00	...	21,21	...	39,01
Establishment, Tools and Plant	X	...	3,50	5,25			
Civil Officers	...	...	...	75			
Total	...	...	11,50	17,80	21,21	...	39,01
Grant for Local Expenditure	L	...	38,67		..	...	...
GRAND TOTAL	...	68,33	2,34,09	47,80	41,17	83,29	1,72,26

(a) 3,72 under S b and 2 under X.

STATEMENT B.

Comparison of the existing and the proposed distribution of Revenue between Imperial and Provincial.

Amount for Distribution.				Provincial Share at present.		Provincial Share as proposed.		Remarks.	
Land Revenue—									
Divisible	3,28,00			¼	82,00	Out of the first item an amount wrongly stated as divisible 64		(*a*) Grant for Provincial purposes proper	43,20
Provincial Expenditure		— 27,50	=3,00,50	1	—27,50			Grant for Local (see account attached)	38,67
Stamps, excluding Court-fees	18,77	— 1,94	= 16,83	¾	12,62	Out of the remaining 4,31,88, (*b*) 30 33 per cent. or 1,30,98		Total, being grant as by original contract	81,87
Excise	91,05	— 2,58	= 88,47	¼	22,12				
Assessed Taxes	28,10	— 45							
Forests	31,00	— 18,50	= 41,56	½	20,78				
Registration	3,93	— 2,52							
Refunds other than Court-fees		— 1,05	—1,05	Various	—1,18				
Assignments		—13,79	—13,79	1	—13,79			(*b*) See first column of account attached—	
Excise adjustments		...	...		...				
TOTAL, EXCLUDING COURT-FEES			4,32,12		95,05		1,31,62	Distributed Revenue.	5,00,21
								Distributed Expenditure	68,33
								Net	4,31,88
Court-fees—									
Revenue	27,03								
Expenditure			=26,53		19,90	Whole	26,53		
Refunds		— 50							
TOTAL					1,14,95		1,58,15		
Add further grant from Imperial Account					43,20		...		
Net Revenue appropriated to net Provincial Expenditure					1,58,15		1,58,15		
Further grant for Local Expenditure					38,67		38,67		

(STATEMENTS C.)

ACCOUNTS OF 1887-88.

BENGAL.

NORTH-WESTERN PROVINCES.

MADRAS.

BOMBAY.

	Provincial share under new Contract.	Actuals, 1887-88.		Total.
		Provincial.	Local.	
	₹	₹	₹	₹
Land Revenue (Divisible)	94,66,000	94,04,299	...	94,04,299
,, ,, (Provincial)	3,87,000	3,83,895	...	3,83,895
Salt	1,00,000	78,207	...	78,207
Stamps	1,00,87,000	1,03,62,028	...	1,03,62,028
Excise	24,82,000	27,16,434	...	27,16,434
Provincial Rates	39,20,000	42,36,538	38,22,098	80,58,636
Customs	57,000	59,524	...	59,524
Assessed Taxes	17,84,000	18,69,966	...	18,69,966
Forests	3,50,000	3,28,897	...	3,28,897
Registration	5,38,000	5,08,913	...	5,08,913
TOTAL REVENUE HEADS	2,91,71,000	2,99,48,701	38,22,098	3,37,70,799
Interest	73,000	67,093	50,392	1,17,485
Post Office	....	...	14,896	14,896
Law and Justice, Courts	7,69,000	7,74,255	...	7,74,255
,, ,, Jails	8,46,000	7,10,319	...	7,10,319
Police	7,05,000	3,13,348	4,63,382	7,76,730
Marine	8,08,000	9,10,096	...	9,10,096
Education	5,25,000	6,94,652	30,578	7,25,230
Medical	1,46,000	1,38,554	6,629	1,45,183
Scientific and Minor Departments	1,41,000	1,56,308	25,965	1,82,273
TOTAL CIVIL DEPARTMENTS	40,13,000	37,64,625	5,91,842	43,56,467
Superannuations	41,000	45,480	...	45,480
Stationery	1,23,000	1,88,397	...	1,88,397
Miscellaneous	7,45,000	6,94,836	2,37,934	9,32,770
TOTAL MISCELLANEOUS	9,09,000	9,28,713	2,37,934	11,66,647
PUBLIC WORKS.				
State Railways (Gross Earnings)	1,00,19,000	1,12,34,843	...	1,12,34,843
Irrigation—Major Works	13,30,000	11,03,229	...	11,03,229
,, Minor Works	9,44,000	9,64,669	...	9,64,669
Civil Works	7,50,000	4,02,801	4,54,531	8,57,332
Telegraph	...	1,163	...	1,163
TOTAL PUBLIC WORKS	1,30,43,000	1,37,06,705	4,54,531	1,41,61,236
Corrections of Allotment	...	4,49,815	...	4,49,815
Shahjehanpur Rum Imported	32,000	...	...	...
Ganja Exported	—31,000	...	...	...
TOTAL RESOURCES	4,71,37,000	4,87,98,559	51,06,405	5,39,04,964
Adjustment of Land Revenue under the new Contract	—7,30,000	—6,90,000	...	—6,90,000
TOTAL ASSIGNED REVENUE	4,64,07,000	4,81,08,559	51,06,405	5,32,14,964
OPENING BALANCE	...	19,98,920	*21,76,480	41,75,400
GRAND TOTAL	...	5,01,07,479	72,82,885	5 73,90,364

* Exclusive of the balance under Local Fund Debt Account.

	Provincial share under new Contract.	Actuals, 1887-88. Provincial.	Actuals, 1887-88. Local.	Total.
	R	*R*	*R*	*R*
Refunds (Land Revenue)	12,000	11,026	...	11,026
„ (Divided Heads)	1,43,000	1,45,070	16,212	1,61,282
Assignments and Compensations	...	1,88,565	...	1,88,565
Land Revenue (Survey and Settlement)	2,90,000			
„ „ (Collector's Establishment)	27,08,000			
„ „ (Government Estates)	2,90 000	34,04,528	...	34,04,528
„ „ (Other Charges)	2,88,000			
Salt	11,000	12,368	...	12,368
Stamps	3,62,000	3 64,216	...	3,64,216
Excise	96,000	1,06,629	...	1,06,629
Customs	4,95,000	5,30,638	...	5,30,638
Provincial Rates	...	3,47,212	5,621	3,52,833
Assessed Taxes	85,000	75,706	...	75,706
Forests	2,25,000	1,94,858	...	1,94,858
Registration	2,95,000	2,89,231	...	2,89,231
TOTAL REVENUE HEADS	53,00,000	56,70,047	21,833	56,91,880
Post Office	...	...	3,56,474	3,56,474
Administration	15,62,000	15,42,992	1,79,066	17,22,058
Law and Justice, Courts	80,08,000	79,40,261	...	79,40,261
„ „ Jails	17,28,000	15,31,090	...	15,31,090
Police	47,42,000	47,86,840	15,247	48,02,087
Marine	7,79,000	9,16,601	...	9,16,601
Education	32,46,000	24,22,221	10,98,513	35,20,734
Medical	14,59,000	14,43,258	9,373	14,52,631
Scientific and Minor Departments	3,30,000	3,03,598	29,231	3,32,829
TOTAL CIVIL DEPARTMENTS	2,18,54,000	2,08,86,861	16,87,904	2,25,74,765
Superannuations	12,54,000	12,79,572	4,246	12,83,818
Stationery	10,59,000	10,46,423	36,464	10,82,887
Miscellaneous	3 48,000	3,43,135	50,169	3,93,304
TOTAL MISCELLANEOUS	26,61,000	26,69,130	90,879	27,60,009
PUBLIC WORKS.				
Telegraphs	1,000	915	...	915
State Railways—Working Expenses	59,61,000	58,58,557	...	58,58,557
„ „ Interest	28,02,000	30,81,696	...	30,81,696
Subsidized Railways	...	11,747	...	11,747
Miscellaneous Railway Expenditure	...	68,290	...	68,290
Irrigation Major Works—Working Expenses	11,25,000	15,03,585	...	15,03,585
„ „ Interest	22,94,000	23,13,446	...	23,13,446
Irrigation Minor Works	5,00,000	15 20,449	...	15,20,449
„ Agricultural	6,50,000			
Civil Works	31,00,000	29,26,810	35,45,092	64,71,902
TOTAL PUBLIC WORKS	1,64,33,000	1,72,85,495	35,45,092	2,08,30,587
Contribution to Local Funds	1,59,000	2,61,063	—2,61,063	...
TOTAL ASSIGNED EXPENDITURE	4,64,07,000	4,67,72,596	50,84,645	5,18,57,241
CLOSING BALANCE	...	33,34,883	21,98,240	55,33,123
GRAND TOTAL	...	5,01,07,479	72 82,885	5,73,90,364

	Provincial share under new Contract.	Actuals, 1887-88.		Total.
		Provincial.	Local.	
	R	R	R	R
Land Revenue (Divisible)	1,43,50,000	1,43,13,870	...	1,43,13,870
„ „ (Provincial)	5,70,000	6,15,300	...	6,15,300
Stamps	46,87,000	49,41,650	...	49,41,650
Excise	13,50,000	13,93,101	...	13,93,101
Provincial Rates	16,69,000	16,65,066	49,83,791	66,48,857
Assessed Taxes	10,25,000	10,66,773	...	10,66,773
Forest	7,75,000	6,23,727	...	6,23,727
Registration	1,73,000	1,85,513	...	1,85,513
TOTAL REVENUE HEADS	2,45,99,000	2,48,05,000	49,83,791	2,97,88,791
Interest	7,000	11,389	22,825	34,214
Law and Justice, Courts	4,85,000	5,14,113	...	5,14,113
„ „ Jails	4,15,000	3,20,715	...	3,20,715
Police	3,66,000	3,53,723	...	3,53,723
Education	1,30,000	57,637	1,17,578	1,75,215
Medical	6,000	4,936	1,11,011	1,15,947
Scientific and Minor Departments	96,000	1,01,985	403	1,02,388
TOTAL CIVIL DEPARTMENTS	14,98,000	13,53,109	2,28,992	15,82,101
Superannuations	16,000	29,917	...	29,917
Stationery	51,000	63,534	...	63,534
Miscellaneous	2,66,000	1,94,850	1,51,950	3,46,800
TOTAL MISCELLANEOUS	3,33,000	2,88,301	1,51,950	4,40,251
PUBLIC WORKS (ORDINARY).				
Irrigation Minor Works	1 40,000	1,45,053	...	1,45,053
Civil Works	9,00,000	9,55,598	59,285	10,14,883
TOTAL PUBLIC WORKS	10,40,000	11,00,651	59,285	11,59,936
ADD—Net Earnings, Irrigation	33,45,000	22,09,797	...	22,09,797
„ State Railways	...	60,983	...	60,983
TOTAL REVENUE	3,08,22,000	2,98,29,230	54,46,843	3,52,76,073
Corrections of Allotment—		+6,18,005	...	6,18,005
Shahjehanpur Rum Exported	—83,000			
Ganja Imported	+31,000			
TOTAL RESOURCES	3,07,70,000	3,04,47,235	54,46,843	3,58,94,078
Adjustment of Land Revenue under the new Contract	—4,54,000	—4,54,000		—4,54,000
TOTAL ASSIGNED REVENUE	3,03,16,000	2,99,93,235	54,46,843	3,54,40,078
OPENING BALANCE	...	43,38,060	1,61,820*	44,99,880
GRAND TOTAL	...	3,43,31,295	56,08,663	3,99,39,958

* Exclusive of the balance under Local Fund Debt Account.

	Provincial share under new Contract.	Actuals, 1887-88.		Total.
		Provincial.	Local.	
	R	R	R	R
Refunds (Land Revenue)	6,000	13,805	...	13,805
,, (Divided Heads)	90,000	82,090	4,996	87,086
Assignments and Compensations	...	1,80,298	...	1,80,298
Land Revenue (Surveys and Settlement)	10,00,000	7,84,084	...	7,84,084
,, ,, (Collector's Establishment)	35,00,000	35,39,739	...	35,39,739
,, ,, (Village Officers)	34,68,000	32,09,270	...	32,09,270
,, ,, (Government Estates)	2,55,000	1,95,173	...	1,95,173
,, ,, (Other Charges)	1,04,000	83,054	20,000	1,03,054
Stamps	99,000	1,30,562	...	1,30,562
Excise	30,000	28,225	...	28,225
Provincial Rates	7,000	6,750	...	6,750
Assessed Taxes	5,000	9,185	..	9,185
Forest	4,88,000	4,13,741	...	4,13,741
Registration	95,000	96,644	...	96,644
TOTAL REVENUE HEADS	91,47,000	87,72,620	24,996	87,97,616
Post Office	...	...	1,80,086	1,80,086
Administration	12,54,000	12,61,144	88,424	13,49,568
Law and Justice, Courts	42,35,000	42,16,165	...	42,16,165
,, ,, Jails	10,50,000	10,66,420	...	10,66,420
Police	38,61,000	37,91,914	24,57,935	62,49,849
Education	3,80,000	4,10,535	13,70,616	17,81,151
Medical	7,14,000	5,91,381	4,54,739	10,46,120
Scientific and Minor Departments	2,94,000	1,92,999	2,698	1,95,697
TOTAL CIVIL DEPARTMENTS	1,17,88,000	1,15,30,558	45,54,498	1,60,85,056
Superannuation	13,48,000	14,08,520	4,173	14,12,693
Stationery	5,65,000	4,91,736	2,514	4,94,250
Miscellaneous	1,82,000	1,35,228	21,853	1,57,081
TOTAL MISCELLANEOUS	20,95,000	20,35,484	28,540	20,64,024
PUBLIC WORKS HEADS.				
Irrigation Minor Works—				
Working and Capital	2,13,000	1,83,592	...	1,83,592
Interest	94,000	...	...	...
Railways—				
Construction of Railways	...	6,53,602	...	6,53,602
Subsidized	40,000	40,000	...	40,000
Miscellaneous Expenditure	...	919	...	919
Civil Works	27,50,000	29,23,319	24,61,310	53,84,629
TOTAL PUBLIC WORKS (ORDINARY)	30,97,000	38,01,432	24,61,310	62,62,742
Interest on Railways	...	...	...	...
,, Irrigation Major Works	25,97,000	27,22,440	...	27,22,440
Contribution to Local Funds	13,12,000	16,21,544	—16,21,544	...
TOTAL ASSIGNED EXPENDITURE	3,00,36,000	3,04,84,078	54,47,800	3,59,31,878
CLOSING BALANCE	...	38,47,217	1,60,863	40,08,080
GRAND TOTAL	...	3,43,31,295	56,08,663	3,99,39,958

Revenue.	Provincial share under new Contract.	Actuals, 1887-88. Provincial.	Actuals, 1887-88. Local.	Total.
	R	R	R	R
Land Revenue	1,13,42,000	1,20,73,070	10,76 680	1,31,49,750
Salt (Rents and Miscellaneous)	1,37,000	1,44,319	...	1,44,319
Stamps	43,50,000	44,78,702	...	44,78,702
Excise	22,00,000	24,34,724	...	24,34,724
Provincial Rate	...	...	68,74,377	68,74,377
Customs (Rents and Miscellaneous)	27,000	27,279	...	27,279
Assessed Taxes	5,60,000	7,64,281	...	7,64,281
Forest	13,00,000	13,74,920	...	13,74,920
Registration	438,000	4,53,809	...	4,53,809
TOTAL REVENUE HEADS	2,03,54,000	2,17,51,104	79,51,057	2,97,02,161
Interest	3,000	2,342	83,277	85,619
Law and Justice—Coutts	4,01,000	4,57,878	...	4,57,878
Ditto Jails	1,93,000	1,49,069	...	1,49,069
Police	3,02,000	3,62,276	...	3,62,276
Marine	6,000	13,846	...	13,846
Education	1,65,000	1,62,808	1,42,616	3,05,424
Medical	1,20,000	1,14,983	22,810	1,37,793
Scientific and Minor Departments	1,65,000	90,225	...	90,225
TOTAL CIVIL DEPARTMENT	13,52,000	13,51,085	1,65,426	15,16,511
Superannuations	24,000	35,461	1,042	36,503
Stationery	78,000	88,404	...	88,404
Miscellaneous	75,000	1,21,910	4,76,269	5,98,179
TOTAL MISCELLANEOUS	1,77,000	2,45,775	4,77,311	7,23,086
PUBLIC WORKS, ORDINARY.				
Irrigation Minor Works	54,000	1,00,303	...	1,00,303
Civil Works	1,10,000	1,27,934	8,28,387	9,56,321
TOTAL PUBLIC WORKS	1,64,000	2,28,237	8,28,387	10,56,624
TOTAL REVENUE	2,20,50,000	2,35,78,543	95,05,458	3,30,84,001
CORRECTIONS OF ALLOTMENT.				
Transfers on account of various reclassifications	...	40,092	...	40,092
Adjustment of Colombo Spirit duty	31,000	91,718	...	91,718
TOTAL RESOURCES	2,20,81,000	2,37,10,353	95,05,458	3,32,15,811
Adjustment of Land Revenue under the new contract	+33,01,000	+33,01,000	...	33,01,000
TOTAL ASSIGNED REVENUE	2,53,82,000	2,70,11,353	95,05,458	3,65,16,811
Opening Balance	...	43,37,050	*53,52,260	96,89,310
GRAND TOTAL	...	3,13,48,403	1,48,57,718	4,62,06,121

Exclusive of the balance under Incorporated
(a) Exclusive of R10,000 for Forest Surveys

Expenditure.	Provincial share under new Contract.	Actuals, 1887-88. Provincial.	Actuals, 1887-88. Local.	Total.
	R	R	R	R
Refunds (Land Revenue)	43,000	33,082	23,483	1,34,134
Ditto (Divided Heads)	58,000	77,569		
Land Revenue (Survey Settlement)	10,70,000	46,44,916	32,18,384	78,63,300
Ditto (Collector's Establishment)	34,87,000			
Inam Commissioner and Fishery Collections	25,000			
Stamps	1,09,000	1,15,568	...	1,15,568
Excise	64,000	60,867	...	60,867
Customs	1,58,000	1,61,214	...	1,61,214
Assessed Taxes	15,000	16,744	...	16,744
Forests	10,50,000	(a) 11,26,525	...	11,26,525
Registration	3,12,000	3,10,632	...	3,10,632
TOTAL REVENUE HEADS	63,91,000	65,47,117	32,41,867	97,88,984
Interest on other obligations	...	...	9,046	9,046
Administration (excluding Account Office and Bank charges)	10,47,000	9,64,254	1,97,685	11,61,939
Law and Justice—Courts	39,62,000	39,88,778	...	39,88,778
Ditto Jails	8,42,000	8,62,990	...	8,62,990
Police	37,19,000	37,92,958	...	37,92,958
Marine	19,000	26,738	...	26,738
Education	10,66,000	12,50,065	6,72,789	19,22,854
Medical	11,84,000	11,50,849	5,09,672	16,60,521
Political	...	81,445	...	81,445
Scientific and Minor Departments, excluding Archæological	3,80,000	3,63,827	...	3,63,827
TOTAL CIVIL DEPARTMENT	1,22,19,000	1,24,81,904	13,80,146	1,38 62,050
Superannuation	9,76,000	10,77,972	5,196	10,83,168
Stationery	7,66,000	8,98,165	...	8,98,165
Miscellaneous	2,34,000	1,62,506	5,54,610	7,17,116
TOTAL MISCELLANEOUS	19,76,000	21,38,643	5,59,806	26,98,449
Post Office	1,07,000	1,06,284	...	1,06,284
Famine Relief	...	669		669
PUBLIC WORKS HEADS.				
Irrigation—Irrigation Minor Works, Provincial	23,00,000	26,27,459	...	26,27,459
Buckingham Canal	3 19,000			
Other Works	32,000			
CIVIL WORKS.				
Original Works	7,77,000	20,27,591	39,75,328	60,02,919
Repairs	2,30,000			
Establishment	6,50,000			
Civil Officers	2,93,000			
Other Charges	50,000			
TOTAL PUBLIC WORKS	46,51,000	46,55,050	39,75,328	86,30,378
TOTAL EXPENDITURE	2,53,44,000	2,59,29,667	91,66,193	3,50,95,860
Contributions to Local Funds (net)	38,000	92,339	—92,339	...
TOTAL ASSIGNED EXPENDITURE	2,53,82,000	2,60,22,006	90,73,854	3,50,95,860
Closing Balance	...	53,26,397	57,83,864	1,11,10,261
GRAND TOTAL	...	3,13,48,403	1,48,57,718	4,62,06,121

Local Fund Debt Account.
to be transferred from India.

Revenue.	Provincial share under new Contract.	Actuals, 1887-88.		Total.
		Provincial.	Local.	
	₹	₹	₹	₹
Civil Heads.				
Land Revenue (Divisible)	82,00,000	86,02,783	1,62,990	87,65,773
Ditto Provincial	81,09,000	87,68,163	...	87,68,163
Salt (Miscellaneous)	24,000	50,197	...	50,197
Stamps	34,35,000	36,64,075	...	36,64,075
Excise	22,76,000	23,66,469	...	23,66,469
Provincial Rates	55,000	...	27,59,577	27,59,577
Customs	36,000	42,731	...	42,731
Assessed Taxes	14,05,000	15,97,699	...	15,97,699
Forest	15,50,000	15,16,288	...	15,16,288
Registration	1,97,000	2,15,275	...	2,15,275
Total Revenue Heads	2,52,87,000	2,68,23,680	29,22,567	2,97,46,247
Interest	57,000	52,233	10,309	62,542
Law and Justice—Courts	2,85 000	3,19,532	...	3,19,532
Ditto —Jails	2,35,000	1,85,551	...	1,85,551
Police	5,51,000	3,08,291	2,45,975	5,54,266
Marine	50,000	61,010	...	61,010
Education	3,00 000	2,74,671	4,14,981	6,89,652
Medical	75,000	95,940	107	96,047
Scientific and other Minor Departments	21,000	64,940	10,861	75,801
Total Civil Departments	15,17,000	13,09,935	6,71,924	19,81,859
Receipts in aid of Superannuations, &c.	1,60,000	1,89,012	...	1,89,012
Stationery and Printing	44,000	55,397	...	55,397
Miscellaneous	62,000	66,114	1,29,808	1,95,922
Total Miscellaneous	2,66,000	3,10,523	1,29,808	4,40,331
Post Office	2,000	2,200	...	2,200
Telegraph	4,000	3,886	...	3,886
	6,000	6,086	...	6,086
Public Works, Ordinary—				
Civil Works	7,53,000	7,81,166	4,18,390	11,99,556
Total Public Works	7,53,000	7,81,166	4,18,390	11,99,556
	2,78,86,000	2,92,83,623	41,52,998	3,34,36,621
Corrections of Allotments	....	4,29,675	...	4,29,675
Adjustments of Land Revenue under the new Contract	81,87,000	81,87,000	...	81,87,000
Total Revenue	3,60,73,000	3,79,00,298	41,52,998	4,20,53,296
Opening Balance	...	54,89,780	21,65,000*	76,54,780
GRAND TOTAL	...	4,33,90,078	63,17,998	4,97,08,070

* Exclusive of the balance under

Expenditure.	Provincial share under new Contract.	Actuals, 1887-88. Provincial.	Local.	Total.
	R	*R*	*R*	*R*
Refunds (Land Revenue)	38,000	32,932	...	32,932
Ditto (Divided Heads)	1,17,000	1,61,945	7,618	1,69,563
Assignments and Compensations	80,89,000	89,00 215	...	89,00,215
Land Revenue (Surveys and Settlement)	9,25,000	38,51,437	9,389	38,60,826
Ditto (Collectors and Establishments)	29,67,000			
Ditto (Allowances to Village Officers)	27,42,000	27,24 847	...	27,24,847
Stamps	1,45,000	1,55,400	...	1,55,400
Excise	65,000	74,494	...	74,494
Provincial Rates	55,000	...	47,746	47,746
Assessed Taxes	23,000	32,999	...	32,999
Forest	9,25,000	9,67,840	...	9,67,840
Registration	1,26,000	1,42,368	...	1,42,368
Total Revenue Heads	1,62,17,000	1,70,44,477	64,753	1,71,09,230
Interest on other obligations	...	...	16,333	16,333
General Administration	12,49,000	12,38,389	1,04,584	13,42,973
Law and Justice—Courts	44,62 000	43,65.401		43,65.401
Ditto —Jails	6,07,000	5.43,506	....	5.43,506
Police	48,06,000	50,59,265	3,07,771	53,67,037
Marine	23,000	25.730	...	25,730
Education	15,22,000	14,56,719	14,22,834	28,79,553
Medical	12,00,000	13,01,737	1,63,642	14,65,379
Political Rents and Rates	2,000	...	...	...
Scientific and other Minor Departments	2,29,000	1,70,571	54,036	2,24,607
Total Civil Departments	1,41,80,000	1,41,01,319	20,52,867	1,62,14,186
Superannuations, &c.	12,95,000	13,86 343	1,138	13,87,481
Stationery and Printing	5,84,000	5.62,409	9.892	5,72,301
Miscellaneous	1,82,000	1,85,733	61,203	2,46,936
Total Miscellaneous	20,61,000	21,34,485	72,233	22,06 718
Post Office	1,07,000	1 7,033	...	1,17,033
Telegraph	11,000	3,824	...	3,824
	1,18,000	1,20,857	...	1,20,857
Miscellaneous Railway Expenditure	...	18,504	...	18,504
Public Works, Ordinary—				
Original	7,00,000			
Repairs	12,80,000			
Establishments	8,50,000	40,78,675	21,23,248	62,01,923
Civil Officers	75,000			
Other Charges	25,000			
Total Civil Works	29,30,000	40,78,675	21,23,248	62,01,923
	3,55 06,000	3,75,58,317	43,29,434	4,18,87,751
Contributions to Local Funds (net)	5,67,000	5.87,728	—5,87,728	....
Total Expenditure	3,60,73,000	3,81,46,045	37,41,706	4,18,87,751
Closing Balance	...	52,44,033	25,76,292	78,20 325
GRAND TOTAL	...	4,33,90,078	63,17 998	4,97,08,076

Local Fund Debt Account.

Statement D.—*Extract from Six-monthly Estimates,*

Heads of Revenue.	Bengal.		N.-W. P. & Oudh		Madras.		Bombay.	
	Provincial	Local.	Provincial.	Local.	Provincial.	Local.	Provincial.	Local.
I.—Land Revenue	92,88	...	1,49,91	...	1,56,22	10,56	2,62,30	1,31
II.—Opium	...	...	...	...	...	...	...	...
III.—Salt	89	...	...	...	1,13	...	30	...
IV.—Stamps	1,06,13	...	50,25	...	45,00	...	36,75	...
V.—Excise	27,75	...	14,13	...	25,63	...	23,90	...
VI.—Provincial Rates	42,03	38,97	16,74	50,11	...	67,00	...	26,85
VII.—Customs	62	...	...	...	29	...	43	...
VIII.—Assessed Taxes	19,50	...	10,70	...	7,63	...	16,05	...
IX.—Forest	3,65	...	7,05	...	14,50	...	14,00	...
X.—Registration	5,25	...	1,85	...	4,66	...	2,30	...
XI.—Tributes from Native States	...	...	...	...	...	...	..	...
XII.—Interest	71	42	5	22	2	93	53	8
XIII.—Post Office	...	16	...	...	...	...	2	...
XIV.—Telegraph	1	...	...	...	...	...	4	...
XV.—Mint	...	...	...	...	...	...	...	...
XVI*a*.—Law and Justice—Courts of Law	7,75	...	5,20	...	4,66	...	3,20	...
XVI*b*.—Law and Justice—Jails	7,90	...	3,40	...	1,75	...	2,05	...
XVII.—Police	3,30	3,57	3,60	...	3,62	...	3,09	2,46
XVIII.—Marine	9,40	...	...	...	13	...	54	...
XIX.—Education	5,50	30	45	1,35	1,64	1,46	2,75	4,00
XX.—Medical	1,56	...	6	1,16	90	20	96	...
XXI.—Scientific and other Minor Departments	1,65	30	1 01	1	1,80	...	35	8
XXII.—Receipts in aid of Superannuations, &c.	46	...	21	...	39	1	1,96	...
XXIII.—Stationery and Printing	1,82	...	50	...	90	...	55	...
XXIV.—Exchange	...	...	...	...	...	...	...	...
XXV.—Miscellaneous	7,50	2,00	2,41	1,20	1,25	4,75	73	1,20
XXVI.—State Railways (Gross Traffic Receipts)	1,14,40	...	3,55	...	...	..	...	...
XXIX.—Major Works	13,58	...	44,07	...	...	...	...	...
XXX.—Minor Works and Navigation	1 03	...			...	...	...	...
P. W. D.	8,18		1,51	...	1,03	...		
XXXII.—Civil Works	2,13				12	8,33	8	
P. W. D.	1,75	4,55	8,65	64	84	4	7,09	4,18
Total Revenues	4,87,33	50,27	3,25,33	54,69	2,73,31	93,28	3,79,97	40,16
Contributions	...	10,13	...	18,30	1,86	3,85	26	7,57
Debt (Deposits and Advances)	...	1,00	...	...	...	...	...	...
Opening Balance	33,35	21,98	38,47	1,61	53,26	57,84	52,44	25,76
GRAND TOTAL	5,20,68	83 38	3,63,80	74,60	3,28,43	1,54,97	4,32,67	73,49

Heads of Expenditure.	Bengal.		N.-W. P. & Oudh.		Madras.		Bombay.	
	Provincial.	Local.	Provincial.	Local.	Provincial.	Local.	Provincial	Local.
1. Refunds and Drawbacks	1,00	50	1,04	5	1,04	12	1,89	12
2. Assignments and Compensations	1,49	...	1,80	...	...	...	89,08	...
3. Land Revenue	35,10	...	79,80	20	46,85	32,25	65,59	1
4. Opium	...	...	...	...	...	...	...	...
5. Salt	12	...	...	...	...	...	...	...
6. Stamps	3,64	...	1,32	...	1,17	...	1,60	...
7. Excise	1,11	...	28	...	69	...	78	...
8. Provincial Rates	3,46	5	7	...	...	...	...	50
9. Customs	5,39	...	...	...	1,63	...	...	...
10. Assessed Taxes	72	...	10	...	9	...	28	...
11. Forest	2,19	...	4,13	...	12,17	...	8,73	...
12. Registration	2,85	...	96	...	3,30	...	1,45	...
13. Interest on Ordinary Debt	...	...	...	...	...	...	...	...
14. Interest on other Obligations	...	...	...	...	...	10	...	14
15. Post Office	...	3,56	...	1,80	1,07	...	1,07	...
16. Telegraph	1	...	...	...	...	...	4	...
17. Mint	...	...	...	...	...	...	...	...
18. General Administration	15,33	1,99	12,71	87	9,49	2,00	12,46	1,06
19*a*. Law and Justice—Courts	80,39	...	42,31	...	40,20	...	44,24	...
19*b*. Law and Justice—Jails	17,50	...	11,28	...	8,33	...	5 85	...
20. Police	47,90	25	38,00	24,71	38,70	...	51,98	3,20
21. Marine	9,60	...	...	...	28	...	43	...
22. Education	24,13	11,02	3,90	14,00	12,00	7,00	15,79	14,70
23. Ecclesiastical	...	...	...	...	...	...	...	...
24. Medical	14,83	1	6,00	4,66	11,20	5,33	13,21	1,80
25. Political	21	...	11	...	75	...	3,75	...
26. Scientific and other Minor Departments	3,23	27	1,92	5	3,86	...	1,78	50
27. Territorial and Political Pensions	...	...	...	...	...	...	...	...
28. Civil Furlough	...	...	...	...	...	...	...	...
29. Superannuation	13,05	5	14,47	3	10,98	10	14,18	2
30 Stationery and Printing	10,35	50	5,27	3	7,19	...	5,91	7
32. Miscellaneous	1,97	37	1,54	24	1,88	5,80	3,26	59
33. Famine Relief	...	...	...	...	2	...	...	...
34. Construction of Protective Railways	...	...	...	...	...	...	...	...
35. Construction of Protective Irrigation Works	...	...	...	...	...	...	...	...
36. Reduction of Debt	...	...	...	...	...	...	...	...
37. Construction of Railways charged against Revenue	5	...	3,72	...	...	...	...	...
38. State Railways	...	...	...	...	...	...	...	...
Working Expenses	58,95	...	2,65	...	...	...	...	...
Interest on Debt	32,62	...	...	...	...	...	...	...
39. Guaranteed Companies' S. P. L. and S.	...	...	...	...	...	...	...	...
40. Subsidized Companies' Land	2	...	40	...	...	...	...	
41. Miscellaneous Railway Expenditure	72	...	...	...	...	...	...	...
42. Irrigation—Minor Works, Working Expenses	14,00	...	20,40	...	...	...	...	...
Interest on Debt	23,48	...	27 52	...	...	...	...	...
43. Minor Works and Navigation, P. W. D.	18,17	...	1,94	...	...	...	...	...
44. Military Works	...	...	...	...	33 00	...	...	...
45. Civil Works	41,24	36,50	27,95	25,10	1,13	38,50	43	13.91
Do., P. W. D.			...	...	23,00	2,04	48.33	10,44
TOTAL EXPENDITURE	4,84,82	55,07	3,11,59	71,74	2,70,02	93,24	3,87,11	47.06
Contributions	10,13	...	18,30	...	2,87	2,84	...	...
Debt (Deposits and Advances)	...	1,00	...			...	5,46	2,37
Closing Balance	25,73	27,31	33,91	2,86	55,54	58,89	40,10	24.06
GRAND TOTAL	5,20,68	83,38	3,63,80	74,60	3,28,43	1,54,97	4.32,67	73.49
PROVINCIAL AND LOCAL—								
Surplus (+)	...	+5,33	...	+1,25	+2,28	+1,05	...	...
Deficits (—)	−7,62	...	−4,56	...	...	...	−12,34	−1,70
			−3,31					

Minutes of the Proceedings of the Conference on the financial relations between the Imperial and Provincial Governments.

FIRST MEETING.

The Conference met at 12 noon on 15th December 1888.

There were present—

J. WESTLAND, ESQ., C.S.I., on behalf of the Government of India.

HONOURABLE J. B. RICHEY, C.S.I., on behalf of the Government of Bombay.

HONOURABLE C. P. L. MACAULAY, C.I.E., on behalf of the Government of Bengal.

R. SMEATON, ESQ., on behalf of the Government of the North-Western Provinces and Oudh.

No delegate was present on behalf of the Madras Government.

At this meeting the following papers were distributed:—

Note by Mr. Westland, dated 11th December 1888, headed "Provincial Conference."

Replies by Government of the North-Western Provinces (two) and Government of Madras, to Government of India letter of 2nd October.

Minute by Honourable Mr. Richey, dated 30th November 1888.

MR. WESTLAND stated generally, in terms of his note, the questions to be discussed by the Conference.

SECOND MEETING

The Conference met at 12 noon on 17th December 1888.

The same members were present as at the first meeting.

MR. WESTLAND observed that the first question to be discussed was the proportions in which the sum of 65 lakhs required for the Imperial service from the four major Provincial Governments should be contributed by them and stated that the Government of India could not decide, until the estimates were made up, whether the whole amount would be required in 1889-90, or part of the demand be put off for another year.

MR. MACAULAY and MR. SMEATON desired that it might be understood that this discussion related merely to temporary assistance for the single year 1889-90, and was not to prejudice the discussion of the arrangements which might be adopted thereafter whether permanently or otherwise.

MR. WESTLAND assented to this.

MR. MACAULAY then proposed that the contributions of the provinces should be calculated on their estimated balances at the close of the current year.

MR. RICHEY held that it was necessary to consider not only the state of the balances but also the state of the revenues in fixing the proportion to be contributed.

MR. SMEATON observed that the amount of the existing balance should not be accepted absolutely as a factor in the calculation without some consideration as to the way in which it had been secured; *e.g.*, there might have been great extravagance in the past or great economy with a view to the accumulation of a sum for future expenditure.

MR. WESTLAND concurred generally in Mr. Smeaton's view.

The question then arose whether the income from the proposed Patwari cess in the North-Western Provinces, supplemented if necessary from Provincial funds up to a total of 20 lakhs, should be taken as a full contribution from the North-Western Provinces, the other provinces being left to find the remaining 45 lakhs.

MR. WESTLAND considered that it would be fair to adopt this course, and MR. RICHEY assented to this view as between Bengal and the North-Western Provinces.

MR. MACAULAY suggested that, as it appeared that the imposition of the Patwari cess had been decided upon some years ago, it might be regarded as outside the adjustment now sought, and that the 20 lakhs more or less which it would yield being placed on one side, the remaining 45 lakhs more or less of the required contribution might be distributed among all the provinces, North-Western Provinces included.

The general opinion of the Conference was, however, that the Patwari cess income might rightly be treated as contribution from the North-Western Provinces to the required 65 lakhs.

MR. MACAULAY then observed that the minimum balance fixed for Bengal was 20 lakhs, and that the closing balance for the year, even on the Accountant General's estimate, which was in excess of that adopted by the Government of Bengal, was 25,73,000 only. He, therefore, considered that the contribution from Bengal should be limited to 5,73,000.

MR. WESTLAND demurred to this, as that balance had been reached only by including a higher scale of expenditure than usual in the estimates of 1888-89, and proposed that the provinces should contribute as under, *viz.*—

Bengal	10 lakhs.
North-Western Provinces	20 „
Madras	15 or 20 „
Bombay	20 „

He stated that the land revenue in Madras was in a special way subject to variations, that the collections had been high for some time past in consequence of favourable seasons, but that it was necessary to provide for the chance of a bad season.

MR. MACAULAY observed that the scarcity in parts of Bengal made this argument applicable to that province also, in regard not only to its receipts but also to its possible enforced expenditure on relief measures.

MR. RICHEY enquired whether part of the required contribution could not be obtained from the Punjab and the Chief Commissionerships.

MR. WESTLAND explained the circumstances which rendered it inadvisable to reckon upon these territories for any part of the 65 lakhs.

MR. RICHEY, however, maintained that only 60 lakhs should be taken from the four larger provinces and the remaining 5 lakhs from the Punjab and the minor Governments.

MR. MACAULAY supported this view.

MR. WESTLAND, however, stated that the original estimate was a requirement of 70 lakhs in all, and that as the amount to be obtained from the minor provinces could only be a small one, it was necessary that 65 lakhs should be assessed on the four main provinces. He had, however, been desired

by the Government to investigate whether the other provinces should not also contribute what they could.

It was then concluded that the 65 lakhs should be assessed as under, *viz.*—

Bengal	10 lakhs.
North-Western Provinces	20 „
Madras Bombay	35 „

The exact distribution between Bombay and Madras was reserved for settlement on the arrival of the Madras delegate.

It was agreed that the income of the proposed Patwari cess in the North-Western Provinces should be taken as a provincial asset towards the contributions required from that province.

It was noted that MR. SMEATON considered that the North-Western Provinces should not be made answerable for any particular sum, but merely for the income of the new cess whatever it might be. He estimated it at 17 lakhs, more or less.

MR. MACAULAY recorded an objection to the amount fixed for Bengal. He considered that the maximum contribution from that province should be 7½ lakhs, Madras and Bombay contributing from their balances, not 35, but 37½ lakhs, between them.

The Meeting then adjourned to the 18th December 1888.

THIRD MEETING.

The Conference met on 18th December 1888 at 12 noon.

The same members were present as at the first and second meetings.

The first subject considered was the propriety of establishing a local account for local revenue and expenditure which might be entirely separate from the general account.

MR. WESTLAND observed that the plan for a separate local account had two sides. First, as a matter of accounting, different Governments kept making transfers from provincial to local and thus entailed inconvenience by corresponding changes in account. It was, therefore, a matter of some importance to make the distinction between provincial and local depend upon the nature of the items (which established a permanent difference), and not, as at present, upon the nature of the administrative agency in charge of them (which was frequently changing).

Second, as a matter of administration. At present all details of local income and expenditure came before the Government of India, although that Government had little practical interest in them and could exercise little practical control over them. Again, a certain amount of control over local expenditure was being gradually given to non-official agency. In developments of this character it was important to bear in mind how advisable it was to make over to local bodies objects of expenditure which produced immediate tangible results in material advantage. If this were done, local bodies would more willingly accept the necessity of finding their own funds for their own objects.

MR. WESTLAND therefore proposed, first, to establish a separate local account, and, second, to include in it all items which have distinct local interest. He invited the opinion of the Conference on these proposals.

MR. RICHEY thought the principle of these proposals to be sound. But he had doubts whether it could be successfully applied in practice. He considered that, except in a few cases, it was impossible to obtain a proper criterion of what was local income and expenditure of the nature indicated by Mr. Westland. And he deprecated either any further extension of local control over income and expenditure or any re-appropriation of funds now applied to local objects. Consequently, he also deprecated any alteration in the system of account which might suggest either of these measures. Otherwise, he was disposed to agree.

MR. WESTLAND explained that his proposals were not intended to imply any obligation to transfer any income or expenditure to local bodies, and did not of themselves involve any reduction in the funds now devoted to local expenditure, although the distinction would necessarily affect the consideration of any new forms of taxation, should such be eventually necessary. All that was intended at present was to reclassify certain income and expenditure according to its actual character instead of according to the agency by which it was managed. This reclassification would no doubt indicate items which, under the present policy, might conceivably be placed under local authority; but it would remain entirely in the discretion of the various Governments whether they should be so placed or not.

The Conference then assented to the principle of a separate local account and proceeded to consider the items which might be included in it.

They first took up the expenditure side of the account and examined it in the order of the Major and Minor Heads given at page 641 *et seq.* of Volume II of the Civil Account Code. The opinion of the members of the Conference was, that the following Minor Heads might be included in the Local Account subject to the remarks recorded against each :—

EXPENDITURE.

A.—DIRECT DEMANDS ON THE REVENUE.

Major Head.	*Minor Head.*
8. Provincial Rates.	Collection of rates and cesses.

B.—INTEREST.

14. Interest on other obligations.	Interest on local loans.

C.—POST OFFICE, &C.

15. Post Office.	District Post Establishments.

D.—SALARIES AND EXPENSES OF CIVIL DEPARTMENTS.

18. General Administration.	General Establishment of Local Funds.
20. Police.	Village Police. Cattle Pounds.
21. Marine.	Pilotage and Port Offices but not Shipping Offices.
22. Education.	All Education charges except direction and inspection, Technical Education, Normal Schools, and Training and Engineering Colleges.
24. Medical.	Hospitals and Dispensaries. Sanitation and Vaccination except the central direction.

In regard to Major Head No. 3 a discussion arose on the question whether the charges for patwaris should not be put in the Local Account. The Conference decided that these charges had better be classed as provincial.

In regard to Major Head No. 20 a discussion arose as to the propriety of placing in the Local Account charges for the enrolled police employed within Municipal limits. It was held by the Provincial Members that the transfer of such charges to Local Account was not desirable as it might imply that control of the police in question should be given to Local authorities, and because such enrolled police are an integral portion of the general administration. MR. WESTLAND gave it as his opinion that though these police might be administratively a part of the general administration, yet financially they might be made a basis for special taxation, and that the charges for them in this respect differed from general police charges.

In regard to Major Head No. 22 MR. SMEATON considered that Normal Schools should be added to the items to be placed in the Local Account, on the ground that the teachers turned out by Normal Schools in the North-Western Provinces are wholly utilised in district (local) schools.

A discussion also took place before the Conference resolved not to recommend the inclusion of Educational Inspection items in the Local Account. The general opinion was that Inspectors and Deputy Inspectors should be kept on the Provincial Account as they were appointed to control and advise on Government aid to Schools, &c. MR. SMEATON, however, recommended that Inspectors should be provincial, but all below them local, on the ground that Deputy Inspectors were, in the North-Western Provinces and Oudh, the special advisers of District Boards, and that their sphere of responsibility coincided precisely with that of the various District Boards in whose budgets they appear.

The Conference then adjourned to December 19th at 12 noon.

FOURTH MEETING.

The Conference met at 12 noon on 19th December 1888.

The same Members were present as at the previous meetings.

The Conference resumed consideration of the items to be included in the Local Account in addition to those proposed for inclusion at yesterday's meeting.

The opinion of the Conference was that the following Minor Heads and other items should be included in the Local Account, subject to the remarks recorded against each :—

EXPENDITURE.

Major Heads.	*Minor Heads.*
	AGRICULTURAL.
26. Scientific and other Minor Departments.	Exhibitions and Fairs (except International Exhibitions). Veterinary charges except for Colleges. Gardens and Cinchona plantations.
	MISCELLANEOUS.
	All the Minor Heads of this section as given in the Civil Account Code so far as they relate to Local Funds.
29. Superannuation Allowances and Pensions.	All the Minor Heads of this Major Head so far as they relate to Expenditure on "Local Establishments."
0. Stationery and Printing.	All the Minor Heads of this Major Head so far as they relate to Expenditure on "Local" Establishments.

Major Heads.	*Minor Heads.*
	BOOKS AND PERIODICALS.
22. Miscellaneous.	Subscriptions to Periodicals and cost of books and periodicals so far as incurred for Local Establishments.
	CHARITY.
	Donations for charitable purposes.
	MISCELLANEOUS.
	Rewards for destruction of wild beasts.
	All Petty Establishments.
45. Civil Works.	Buildings used for the purposes of Local Expenditure.
	Roads except Trunk Roads.

[NOTE.—Trunk Roads might be included if placed under some central local body of the nature of a Provincial Board. This, however, might raise difficulties as to the disposal of the Provincial Public Works Establishment.]

REVENUE.

1. All Receipts of which the corresponding Expenditure Heads are placed in the Local Account.

2. Tolls and Ferries on the same principles as stated above for Roads.

3. Provincial Rates.

It was considered that Provincial Railways would most conveniently be placed in Local Account. But the Conference did not actually determine this.

The question of putting Excise and Irrigation in Local Account was reserved.

After some discussion of the questions to be debated at next meeting, the Conference adjourned to December 20th.

FIFTH MEETING.

The Conference met at 11 A.M., on Thursday, the 20th December. The same members were present as at the previous meetings.

MR. WESTLAND observed that the first question for consideration at the present meeting was the possibility of limiting the contribution from general revenues to local objects to the amount at which it now stood.

If such a limitation were imposed, the first practical result would be that in future revisions of Provincial Contracts local expenditure would be reckoned at its present net figure. If this local expenditure were directly under the control of the Government of India, such a limitation would doubtless be directly enforced whenever, as at present, the general financial situation required it; and as it was advisable for the present to assume that the financial strain might last until the next revision, it was desirable that Local Governments should, meantime, act on the assumption that this limitation would then be enforced.

MR. MACAULAY observed that this proposal overlooked the necessity of keeping up a certain parity of increase in the general and local branches of such additional expenditure as might be warranted by increase in revenue.

MR. SMEATON concurred in this view.

MR. WESTLAND replied that there would be no objection to increased grants to local purposes, provided they were dependent upon the discretion of the Government of India; but that it should be understood that no increase in local expenditure would give a claim to increased grants to meet it.

MR. RICHEY objected to the principle underlying the proposal. He considered that, subject to overwhelming Imperial exigencies, a fixed percentage of the general revenues should be contributed to Imperial expenditure, and the balance left at the disposal of Provincial Governments should include local expenditure, which would then be progressive and not merely a fixed amount.

MR. MACAULAY thought this view not irreconcilable with the proposal before the Conference, provided the equitable claims of local, as well as of other, expenditure were considered at each revision of the Provincial Contract.

MR. WESTLAND, however, said that the proposal before the Conference was that any increase over the present amount of the assignments for local expenditure should remain absolutely in the discretion of the Government of India.

MR. RICHEY feared that, under such a system, there would be a perpetual inducement to sacrifice local interests in order to secure an opportunity for the remission of general taxation.

MR. WESTLAND said that this was no doubt possible: but that the question, whether any general surplus of Revenue should be employed for remission of taxation, or for increasing local expenditure, was one of general financial policy and circumstance which the Government of India must be left to decide.

MR. MACAULAY instanced the export duty on rice, the remission of which would benefit mainly Madras, Bengal and Burma, while other provinces would have to sacrifice their local interests to provide funds for the remission. He therefore thought that some ratio should be fixed to regulate increase in local expenditure, which ought not to be left to a discretion more or less arbitrary. His own idea was that general and local expenditure should be like the arms of a balance, when one went up, the other should go down. But the degree to which these movements should take place must be settled beforehand on some general plan.

MR. WESTLAND, while admitting that increase in local expenditure might be productive of great advantage, considered that it would be impossible to limit, by any plan fixed beforehand, the discretion of the Government of India as to the purpose to which any surplus of revenue should be devoted.

MR. RICHEY thought that the result of the proposal under discussion (if adopted) would be to destroy all motive for development of provincial resources, and to appropriate all increase in Revenue to Imperial purposes.

MR. WESTLAND replied that this objection applied only in the case of either a continuous increase in Imperial expenditure or a continuous remission of Imperial taxation, and that, as it gave the province the full use of any increase of revenue during the period of the contract, the proposed arrangement would still give the provinces the advantage of any increase in Revenues.

MR. MACAULAY observed that the assumed danger of the provinces committing the Imperial Government to increased expenditure overlooked the fact that, in some cases, the increased expenditure involved a *per contra* increase in Imperial Revenue.

MR. WESTLAND said that this referred only to the case of Expenditure under Revenue heads, which was not at present under consideration.

MR. RICHEY said that the proposal would practically stereotype local expenditure, and as administrative charges grow very slowly, all increase would practically be left to Imperial revenue at the close of each contract. The result would practically be a destruction of provincial autonomy. He therefore considered that the extent of the contributions or economies required from the

provinces should be settled, and that thereafter every province should make them in its own way.

MR. MACAULAY said that he feared that the tendency under the proposed arrangement would be that the Government of India would incline to remit Imperial taxes and throw on the provinces the task of imposing local rates or similar burdens. The programme of remitting taxation in preference to making surplus revenues available for local beneficial expenditure would be too attractive to be resisted.

MR. SMEATON concurred in this view.

MR. WESTLAND did not admit the possibility of a distinction, in the eyes of the tax-payer, between the two Governments; and observed that if such a policy were adopted, it would perforce be adopted openly and as a question of the best financial policy; and the reasons for it fully stated. The objection supposed an opposition of interest between the Government of India and Provincial Governments which did not exist.

MR. RICHEY thought that such a policy would not be objectionable in principle, but that, if now introduced, it would aggravate the inequalities in the burden of taxation in the different provinces.

The Conference then postponed the further consideration of the limitation of the amount to be contributed by general to local revenues.

It proceeded to discuss the proposal that certain proportions should be laid down in which the various provinces should, in future revisions of contracts, contribute to Imperial necessities.

MR. MACAULAY observed that the question had two sides—one as to the degree in which Provinces should help the Imperial Government, and the other as to the way and degree in which an Imperial surplus should be applied to benefit the provinces. He admitted freely that if the increase in the Imperial expenditure on War, Exchange, or the like, exceeded the increase in the revenues, the Imperial Government should be entitled to call upon the Local Governments to assist it. But, on the other hand, he claimed that if, as was most probable, the Imperial expenditure would not increase in the ratio recently reached, while the revenues would increase, and while, on the other hand, what might be called the "approved demand" for Local expenditure did increase, then the Imperial Government should make money available for the establishment of a fairer proportion between the two accounts. Thus, suppose a Local Government has to make over annually, say, 10 lakhs from its general resources to provide for what it considers desirable expenditure in the Local Account (in other words, "the approved demand" for local expenditure): this grant is made from the Provincial surplus, and it does not commit the Imperial Government necessarily to recognition on the settlement of a new contract. But if at this settlement the Imperial Government finds itself permanently in surplus, then it should recognise this "approved demand," and make over from its surplus to the *Local* Account money to meet it.

MR. WESTLAND said that when the Imperial Government had a surplus to deal with, it could either remit taxation or benefit the provincial revenues; which course it would adopt was a matter to be decided by considerations of general policy. If the provincial revenues were to be benefited, no doubt the benefit would generally be distributed on the same general principles that might be laid down for the regulation of provincial contributions. He would concur, as a matter of theory, in MR. MACAULAY'S views as to the mutual obligations of Imperial and Provincial, provided it was understood that

the practical application was regarded as a question of general financial policy, to be settled by the Supreme Government upon a more general view than was possible if only Imperial and Provincial relations were regarded.

MR. MACAULAY accepted this view, and MR. RICHEY expressed his concurrence in MR. MACAULAY'S opinions.

MR. RICHEY remarked that when considering the proportions in which provinces should contribute to Imperial necessities, it must be remembered that some provinces were more highly taxed than others. Bombay was perhaps as highly taxed as any. Until, then, the provinces in which taxation was relatively low were raised to the same standard of taxation as obtained in Bombay, he considered that no fresh contribution should be required from the latter. He added that the chief province in which he considered the taxation low was Bengal. It was also low in the Punjab and in the Central Provinces.

MR. MACAULAY observed that, while the permanent settlement was in force, land revenue could not be increased in Bengal, and that though an increased excise revenue might be expected, yet popular habits and administrative difficulties would make the increase gradual and slow.

MR. RICHEY replied that land revenue and excise did not exhaust the possibilities of taxation. Local rates, for instance, might be increased.

MR. MACAULAY thought an increase impossible in regard to the Public Works cess, which was by law appropriated to a purpose for which no more money was at present required, namely, the payment of the amount by which the charges for interest on the capital expended on Railways and Canals exceeds the net receipts from these works; but he admitted the theoretic possibility of other rates or cesses being imposed.

MR. WESTLAND said he would be glad if MR. RICHEY would explain how he proposed to apply his principle in practice.

MR. RICHEY said that an income tax on agricultural incomes in Bengal and an increased revenue from land and excise in the Punjab and the Central Provinces might be the first steps in the application.

MR. WESTLAND asked MR. RICHEY to state in a general way how he would proceed to assess the several contributions, supposing the Imperial Government required half a crore of rupees from the provinces.

MR. RICHEY said that the Imperial Government must get what it required by drawing on the taxable resources of the most lightly-taxed provinces.

Before deciding how contributions should be levied, it was not only right and necessary in itself, but in accordance with the Secretary of State's orders, to begin by studying the actual incidence of taxation in the various provinces, and then to secure the required contribution by levelling up that incidence to one plane.

MR. WESTLAND said that the Secretary of State had laid it down that remedy was to be sought at present by reduction of expenditure or of assignments, and not by new taxation; and asked MR. RICHEY to consider how he would propose to settle the proportions of the provinces with reference to this condition. He pointed out that the Conference had before them a distinct proposal from the Government of India which had this for its object, and he considered that the question before the Conference was either the adoption or modification of this scheme, or its replacement by some practical scheme which the Conference might consider more advantageous.

MR. RICHEY said that he conceived that in his present proposals he was

merely reproducing the final paragraph of the letter from the Secretary of State which had led up to this Conference.

MR. MACAULAY said he did not conceive that the Secretary of State wished to institute a general review of all taxation. He could hardly have intended an investigation or revision of the permanent settlement. He considered that any income tax on agricultural incomes must be a general tax for all India.

MR. WESTLAND considered that the assessment to income tax of permanently-settled agricultural incomes, without a corresponding assessment on other such incomes, was, theoretically at least, quite open to discussion.

MR. SMEATON thought the new patwari cess in the North-Western Provinces must be taken into account as an addition to taxation which affected the power of the North-Western Provinces to find fresh income for Imperial necessities not only at present but hereafter.

MR. WESTLAND said that he understood the argument from Bombay to be that they already paid more than they ought and should be asked for nothing further until taxation elsewhere had brought other provinces up to their standard; and that the argument from Bengal was, that although comparatively little land revenue was paid in Bengal, we must accept the fact as not practically remediable.

MR. MACAULAY said that taxation, settled by circumstances which we cannot overlook, and can only in a small degree alter, is an absolutely unstable basis to proceed upon in framing any scale of proportion for future contributions. We have to deal with what is practicable, and we cannot, with any advantage, proceed on theories which the action of our predecessors has made inapplicable. To attempt to construct a general scheme of contributions on the basis of the comparative incidence of taxation in the various provinces would be like an attempt to make ropes out of sand. He would assess such contributions as follows: Take actual revenue as existing when a contribution is demanded, deduct normal expenditure as fixed when the existing contract was framed, recognise the difference as the surplus, which in proportion to the similar surpluses in other provinces would determine the amount of the contribution of the province.

MR. RICHEY observed this would aggravate existing inequalities, and that if this plan were adopted, land revenue should be left out of the calculation.

MR. MACAULAY demurred to this. He doubted whether his plan would, even including land revenue, which must certainly be included, by any means aggravate inequalities. Indeed, he thought it would have the opposite effect, as in Bengal we shall probably have a more rapid rise in excise and stamps revenue than in other provinces, so that its proportion of contribution would thus be increased.

MR. WESTLAND enquired whether, if Mr. Macaulay's plan were adopted, it would not be right to go back to the standards of the contract of 1877.

MR. MACAULAY said he preferred to adopt the contract actually in force at the time as the latest settled standard.

MR. WESTLAND enquired whether the proposed procedure would apply to the adjustment of new contracts.

MR. MACAULAY replied that it would not apply necessarily. The rule he proposed was intended only for contributions required during the currency of any contract, and he thought it unnecessary now to settle the principles of

future contracts. He suggested, however, that a normal provincial expenditure might be fixed *en bloc*, and that any reduction necessary should be arranged by the provinces themselves. He held that future contracts should be settled by an enquiry such as was made upon the last occasion. The question of the period for which the contracts should be settled was an open one; but these enquiries, though they cost money and trouble, were extremely valuable administratively, as they provided what might be called Financial and Revenue landmarks. MR. RICHEY and MR. SMEATON expressed concurrence in this last remark.

MR. WESTLAND stated that this was the state of things from which the Government of India desired to escape. He requested Mr. Richey to state what enquiry he would propose to make into the relative incidence of taxation, and the manner in which he would apply the result of such an enquiry.

MR. RICHEY said that he fully admitted that all resources were not equally taxable, but he contended that some resources, which were certainly taxable, were not taxed, and that until this anomaly was removed, he considered that no further tax should be levied in Bombay, which already paid a relatively high amount. As instances of the resources which might be taxed he suggested the levy of provincial rates or of an income tax on zamindari incomes in Bengal.

MR. WESTLAND asked whether any other instances could be given.

MR. RICHEY thought that Bengal might also be called upon to go without certain kinds of expenditure which were elsewhere met from taxation of land.

MR. WESTLAND remarked that the amount available under any conditions would be, say, 20 lakhs from assessment of agricultural incomes and 30 by another one-anna cess. The proposal therefore was that 50 lakhs should be taken out of Bengal before any other province was touched. He asked whether this was Mr. Richey's actual meaning.

MR. RICHEY said, certainly that was his meaning and the claim of the Government of Bombay; and that any other province, so far as its circumstances were similar to those of Bengal (*i.e.*, so far as permanently settled), should be dealt with in the same way.

MR. MACAULAY ventured to differ entirely from this view.

MR. WESTLAND doubted whether such a proposal could be considered by any financial administration to be practicable; and referring to Mr. Barbour's enquiry made in 1881, pointed out that the result then arrived at and acted upon by the Government of India, was that the North-Western Provinces and Bengal were already the most heavily-taxed provinces in India. The result of any new enquiry would, so far as regards land revenue, be the same; and they could hardly eventuate in a financial policy the reverse of that then adopted. He considered that, even adopting Mr. Richey's views, any increase of the demand on Bengal must necessarily be gradual.

MR. RICHEY remarked that, if the principle for which he contended was recognised, he did not insist upon its full immediate application in Bengal. But so long as any portion of the country is untaxed, or in proportion too lightly taxed, any additional burden should be placed upon that portion, and not upon places already under a full share of imposts.

MR. WESTLAND said this put the question on the footing of a proposal for new taxation rather than upon that of a reduction in expenditure.

MR. RICHEY said that his principle would apply to reductions in expendi-

not with reference to the amount of revenue and expenditure but to actual provincial claims.

MR. SMEATON then stated that he concurred generally in Mr. Macaulay's proposal for the assessment between provinces of a contribution to Imperial (not annual), in case of the necessity for such a contribution arising. But in regard to the factor of actual revenue at time of contribution, he wished to make a reservation in connection with the new settlements in the North-Western Provinces. These settlements are in progress and are expected to give a considerable enhancement to the provincial share of land revenue receipts. This expectation was borne in mind when the contract was fixed and it materially influenced the Local Government in agreeing to concede 10 lakhs to Imperial. In taking the actual revenue of any year therefore as one element of the basis of contribution, a reduction should be made on account of increase of provincial income owing to resettlements. What this reduction should be is matter for further consideration. Similarly as to expenditure. The contribution to provincial at the last contract (1887) was fixed at precisely the same amount (plus actual transfers on account of Education and Medical) as at the contract of eleven years ago. This may seem to be a point which tends to reopening of the contract; but it is one that should be borne in mind in deciding questions of this kind. In the matter of this contribution from Provincial to Local the North-Western Provinces stood practically alone.

MR. WESTLAND was of opinion that it was not possible to base any future action upon the ground that the contract of 1887 bore more hardly upon the North-Western Provinces than upon the others. That would involve a reopening of the whole matter then settled; and Bengal would certainly make a similar claim.

As to the question of *permanent* changes, MR. SMEATON thought that it was best that a fresh enquiry should be made at the close of each 5-year term. This is the fairest plan all round. If it be not accepted by the Government of India, the percentage system described in the Government of India's letter of 2nd October last—which is the probable alternative—would need to be most carefully guarded against any interference with the provincial percentage as finally agreed to. Any such interference would only be justifiable—after reference to the Provincial Government—on special and specified grounds, such as actual war, actual famine, or greatly increased depreciation of the rupee. Of course the percentage system could only be accepted, under any circumstances, for a definite period of years, subject to any of the above exigencies.

The Conference at this point adjourned to December 21st.

SIXTH MEETING.

The Conference met at 11 A.M., on Friday, the 21st December.

The same members were present as at the previous meetings.

MR. WESTLAND, referring to the proceedings of the fifth meeting, pointed out the desirability of reaching an understanding with reference to the following consequence of the existing system of Provincial Contracts. During the currency of a five-years' contract, practically no control is exercised over the increase of expenditure by Provincial Governments; nor is any understanding come to as to what is to be done when the contract again comes under revision. A Government may, by increases of expenditure, have exhausted all its.

available increase of revenue, and it may turn out practically impossible to diminish its resources in the new contract. Now, the present state of finance was such that, if it continued, it would be impossible to leave Provincial Governments in the next contract without some curtailment of resources. Was it not necessary, therefore, to impose upon them some obligation so to manage their finances intermediately that they might be prepared for a retrenchment at the end of the contract? This was practically what was proposed in the case of Local Expenditure, namely, that, though they might meantime increase the net local expenditure on matters which did not involve a permanent change, they should not establish a permanently enhanced scale of expenditure, so as to render retrenchment, at the time of next contract, impracticable.

It was with reference to these considerations that the Government of India desired to arrive at some understanding with reference to the possibilities of the next contract.

MR. MACAULAY said that, as a matter of fact, the Government of India was not, at each contract, bound by the existing scale of expenditure. It might not desire to insist on the dismissal, for instance, of particular establishments; but it could always, and practically did, make gross deductions, leaving the Local Governments to make them up as best they could.

MR. WESTLAND pointed out that at the contracts of 1887, both Supreme and Provincial Governments had based their discussion upon the existing scale of expenditure, less such retrenchments as could be pointed out in detail. It was from the necessity of having to do this that the Government of India sought a means of escape.

MR. MACAULAY observed that the Government of India, in framing the Contract of 1882, declined to recognise Sir Ashley Eden's Public Works Expenditure as affording a normal test, and that the Contract of 1887 fixed the assignment under this head at a figure which the representatives of the Local Government considered insufficient.

MR. RICHEY said that Mr. Westland's proposal would destroy provincial autonomy, and that the Local Government must be free, according to the principles of the provincial system, to apply its increases of revenue as it pleased. The circumstances shewed the necessity of his proposal of yesterday to consider a proportion of the increase of general revenues to be applicable to increase of local expenditure. It was impossible to confine provincial independence to one class of expenditure only,—that is, non-recurring charges.

MR. WESTLAND said he would point out more particularly the application of the principle. Taking on the one side the net revenues and on the other side the net expenditure, the figures shewed that 80 per cent. of the former were required for the expenditure in the hands of the Imperial Government and 20 per cent. for that in the hands of the Provincial Government (both General and Local). Now, if both these classes of expenditure increased *pari passu*, 80 per cent. of the increase of revenue would be required for increase of Imperial and only 20 per cent. for increase of Provincial. The present system gave the Provincial Government, for a period of years, at least 25 per cent. of the increase, and in some cases more. If this amount of increase was actually worked up to, it was evident that, inasmuch as Imperial expenditure was, at present at least, expanding quite as much as Provincial expenditure, the Imperial Government would, unless it made a retrenchment in the next Provincial Contract, start then in a comparatively worse position than it did at the last Contract. He said that this, necessary

retrenchment should be an element in the consideration of Provincial finance intermediately.

MR. RICHEY said that limitations during the currency of a contract would interfere with economy and sap the independence of Provincial Administration, and consequently its interest in financial progress, and that Provincial Governments would prefer to face the risk of the intermediate levy of contributions, such as the 65 lakhs now given up by Provincial Governments, and that Local Governments should not be bound to keep a margin for possible demands.

MR. MACAULAY concurred that demands of the kind should be met when they arose, and that Local Governments should not be restricted in the use of the increases of revenue that come to them.

MR. SMEATON thought that the intermediate payment of contributions, such as had been agreed to for next year and suggested (in case of necessity for future years) was *per se* sufficient, and that no restriction either in the direction of maintaining the provincial balance in excess of the minimum, or otherwise, seemed called for.

MR. WESTLAND enquired whether it was considered necessary to make an elaborate enquiry after every five years, as the basis of a new contract, and why the principle of intermediate contributions should not be carried over a longer period. If it were applied in making a new Provincial Contract at the end of five years, it would have the effect (if in the extreme case the Government of India found it necessary to absorb the whole of the margin of revenue) of compelling Provincial Governments to revise the whole of their increases of expenditure since the last contract. The system of absolute freedom to increase expenditure seemed inconsistent with this.

MR. MACAULAY thought that, whether the term was fixed at 5 or at 10 years, the advantage of a complete enquiry, such as was made in 1886, was so very great that it should be periodically undertaken.

MR. RICHEY said that, although at first disposed towards some automatic working rule of regulation of assignments, he now fully concurred with Mr. Macaulay's remarks at the last sitting that these periodical enquiries into details were the best system. He would consider it necessary to protest against any limitations of the control given to Local Governments in the matter of utilising their increases of revenue, but when the question of the new assignment came up, it would have to be settled by the necessary "haggling" between Imperial and Provincial Governments. It was sufficient to lay down a ratio for contributions in cases of emergency, when the Government of India could justify it, but otherwise the arrangements should stand as they are. The present standard of expenditure in the provinces and its distribution to various heads is an accepted fact, resting upon principles approved in Indian administration; the onus of justifying adherence to past principles should not be thrown upon Provincial Governments, but the onus of justifying a departure from them should be thrown upon the Government of India when it might make any special demand to meet emergencies.

MR. SMEATON and MR. MACAULAY expressed concurrence in this view.

MR. SMEATON said that it appeared to him that there was no case at present for any change of system. The various Governments had practically agreed to contributions (mostly from balances, but in the North-Western Provinces from the patwari cess) for 1889-90; and proposals had been formulated for a similar contribution (not on the basis of balances in this case) in any future year of

the contract, should this unfortunately prove necessary. Beyond this it seemed needless to go. Local Governments should be left as far as possible untrammelled in the meantime, although it might be advisable for them, if possible, to obtain consent to any action taken by them involving permanent increases of expenditure. But they should be warned beforehand if it is proposed by the Government of India, at the expiry of the current contracts, not to make allowance in the next contracts for new recurring charges which may meanwhile have been established without the consent or approval of the Government of India. The necessity of such recurring charges would of course be examined by the Finance Committee or other such body in view of the next contract. This would be, he thought, sufficient in the circumstances.

MR. WESTLAND enquired whether the Provincial Governments were prepared to keep a balance in hand so as to meet the demand for a contribution when it arose.

MR. RICHEY said, certainly not, and enquired whether the Government of India would fix a minimum proportion of revenue as available for Provincial expenditure.

MR. WESTLAND said that any such minimum would necessarily be fixed so low as to be of no practical application. That the Government of India necessarily proceeded on the theory that the expenditure under the charge of Provincial Governments being more directly beneficial than that in its own charge, it was advisable to increase it when the general exigencies of finance permitted it.

MR. MACAULAY also said that the Local Governments, though they might be expected to bear the burden of a contribution when necessity arose, should not be expected to abstain from spending their revenues in order to provide for it.

MR. RICHEY said that in the case of great emergencies, requiring large inroads upon provincial resources, he must again urge that it was not fair to Bombay to expect it to bear burdens in order that such provinces as Bengal might escape the necessity of having to impose an equal measure of taxation.

MR. WESTLAND pointed out that the result of this would be, that although it might be distinctly foreseen that expenditure was increasing at such a rate as to outstrip the revenue, yet the Government of India would be obliged to give Local Governments the absolute power to create, by increase of expenditure, a state of things in which it would be necessary to adapt the revenue to the expenditure by new taxation instead of by reductions of expenditure. This seemed to him to be opposed to the instructions of the Secretary of State.

MR. RICHEY, however, held that new taxation ought to be resorted to in order to bring the less-taxed provinces up to the level of those more highly taxed.

MR. MACAULAY held that such equalisation of taxes was not practicable; but repeated his opinion that Local Governments should not be under an obligation to make preparations for possible demands on the part of the Supreme Government.

MR. SMEATON was of opinion that theoretically Mr. Richey's contention had much in its favour, but that practically it seemed unworkable—or at least only workable under circumstances which were not likely to exist.

MR. WESTLAND enquired to what purpose the proposed periodical enquiry would be directed. By what standard should the enquiry proceed in proposing revision of contracts? It seemed necessary there should be some understanding as

to this, as otherwise the Local Governments might so manage their finances intermediately as to render impossible any advantage to the Imperial Government.

MR. MACAULAY repeated that he considered the general liability preferable to any actual stipulations. The responsibility for making two ends meet would rest with the Local Government.

MR. WESTLAND enquired whether the basis of the proposed enquiry would be something like this. Suppose that the four Governments all start their five years with 100 lakhs of expenditure. At the end of the five, the standard reached is, in Bengal 110, in North-Western Provinces 120, in Madras 130, and in Bombay 140. Would the enquiry be directed towards ascertaining these facts, and then reducing the standard to be allowed for by retrenchments towards a common standard of increase?

MR. RICHEY, on the assumption that retrenchment was required by the general state of finance, accepted this as a general statement, provided the increases in revenue were also fully taken into account.

MR. WESTLAND pointed out that the acceptance of the doctrine that Provincial Governments should not be restricted in their power of increasing expenditure within the means assigned them, involved on the other side the theory that in making new assignments, the Government of India would not be bound by the present standard of expenditure, but might assign a revenue which was admittedly insufficient for that scale.

MR. RICHEY accepted this. It would be for the Provincial Government to take the necessary measures to adapt its revenue to its expenditure.

MR. WESTLAND asked, with reference to the general calculation above made, whether, in the opinion of the members of the Conference, the assignment of 20 per cent. of a revenue head gave a Provincial Government adequate financial interest in its improvement. It was necessary on the one side to assign a sufficient proportion to give the Local Government a substantial interest in the development of revenue, but at the same time it might be necessary, if the present financial strain continued, to reduce the margin allowed to Provincial Governments.

MR. RICHEY and MR. MACAULAY considered that, as a matter of administration, it did. The motives of Local Governments in improving their revenue were not only financial.

MR. SMEATON concurred in this.

The Conference then adjourned to the 22nd December at 11 A.M.

SEVENTH MEETING.

The Conference met on Saturday, December 22nd, at 11 A.M.

The same members were present as at the previous meetings.

MR. SMEATON suggested a possible compromise in the direction of Mr. Westland's proposal of yesterday—that an understanding should be come to as to the amount and manner of possible retrenchments to be made at the close of the current contract.

The ground covered by the proposal, MR. SMEATON understood, was that of the new Local as well as of what is to remain Provincial. So far as he could see, it appeared that any material increases of expenditure would (except in the Department of Public Works, which might be left out of account) necessarily be mainly in the direction of pay,—that is, creation of new appointments, or

increase of pay of existing appointments. Would it not be possible, he suggested, to arrange some kind of system under which, while the powers of Local Governments in such matters (*i.e.*, up to R250 per mensem) would remain absolutely untrammelled, the Government of India might precautionally be referred to, in cases of a certain class and magnitude, so as to anticipate—and therefore check—further enquiries at the time of re-contract?

If the Government of India, on such a reference, expressed concurrence, it would fairly enough be debarred, at the next enquiry, from reopening the special question. It would regard such additional burdens as having been accepted, and this would surely tend to simplify the operations of the Finance Committee (or corresponding body) subsequently appointed.

If a Local Government decided not to refer a matter of this kind, the onus of explanation and justification would rest with it, at the time of re-contract. If, on the other hand, the Government of India declined to commit itself, much of the onus would, it seemed to him, rest fairly with it.

Thus, supposing that the Government of the North-Western Provinces and Oudh thought it desirable to increase its staff of Deputy Collectors by six; that Government could, of its own authority, create six new appointments on R250 each. But it might—and probably would—prefer to obtain the approval of the Government of India (which approval might fairly, if conceded, be considered binding) before taking such action.

MR. WESTLAND said that the Government of India would most likely decline to give an opinion except in a very general way.

MR. SMEATON said the opinion would not fetter the Government of India as to its future action, but the Local Government would know what to expect.

MR. RICHEY thought it would be a means of making the Government of India share the risk of revenue falling short of requirements of expenditure; but considered the proposal impracticable, as an invasion of provincial responsibility.

MR. WESTLAND said that all the Government of India could do was to lay down for Local Governments general instructions and a general policy—of retrenchment or the opposite. That it could not examine details, and had not the knowledge sufficient to enable it to form an opinion, or to anticipate the result of any enquiry made by a periodical Committee of investigation. Moreover, it had not time for the work, and it must be regarded as a main object of the provincial system to relieve it from consideration of such details.

MR. RICHEY thought that it was not possible to arrange such details upon any other principle than that the Local Governments should have the full authority to impose such charges during the currency of the contract, and the Government of India should have power to disallow considerations of them at the periodical revision of contracts.

In this view MR. MACAULAY concurred.

MR. WESTLAND asked whether he was to take it that the members accepted, as an integral portion of the relations between Imperial and Provincial, the liability of the latter to be called upon for assistance at any time when the compulsory increase of expenditure arising from such unavoidable causes as military defence, or fall of exchange, &c., was such as to impose upon the Government of India the necessity of making a choice between taxation and provincial contribution. And that this contribution should be assessed, generally, upon the principle suggested by Mr. Macaulay.

MR. RICHEY considered that the liability to emergent demands was an integral portion of the contract, but that when such a demand was made it

should, to a larger extent than at present, be recognised by the Imperial Government to be necessary, to give a full and frank explanation of the necessity. He objected to assessing upon Mr. Macaulay's principle,—namely, on the basis of the increase of revenue since the beginning of the contract, as he thought that it should be based upon the relative extent to which the provinces severally contributed. In any case, as he said on Thursday, the land revenue should be left out of consideration, and the assessment made in view of the increase in other revenues only.

MR. SMEATON said that he had agreed (with reservations) to the principle suggested by Mr. Macaulay; but that it was of course understood that specific grounds would be given in the event of any future requisition.

MR. WESTLAND enquired whether Mr. Richey applied this principle of bringing up the lower-taxed provinces to a common level with the higher, to the intermediate contributions as well as to the regular revisions of contract, and pointed out that the contribution of 65 lakhs at present agreed to was not assessed upon such considerations.

MR. RICHEY admitted this, but said that the present contribution was a special and exceptional one, made without binding Governments to any principle.

MR. WESTLAND enquired whether, in the case of an intermediate contribution of the kind, Mr. Richey thought it would be well to raise the question of new taxation in Bengal.

MR. RICHEY said, he did.

MR. WESTLAND enquired whether Mr. Richey would hold to that view supposing he were considering the matter, not as a member representing the claims of Bombay in particular, but as Finance Minister responsible for the general financial policy of India.

MR. RICHEY held that the first duty of a Finance Minister should be to level taxation as far as possible.

MR. WESTLAND enquired whether a Finance Minister would not rather be justified in looking for temporary assistance to a wealthy province which, he considered, could afford it without any derangement of its administration, rather than raise any new and perhaps difficult questions of taxation.

MR. RICHEY referred to paragraph 69 of the Government letter, which laid down that "the burden is most easily borne when it is most fairly distributed," and anticipated "that each province would more willingly bear its share if it is satisfied that other provinces are equally bearing theirs."

MR. WESTLAND, referring to the greater wealth of Bombay, said that if the provinces were all to go on for five or ten years under the existing contract, it seemed to him certain that, at the end of that time, the revenue of Bombay would have increased in a greater proportion than that of other provinces, and that this greater amount of increase appeared to him to be a reason why it should pay more towards the common burdens.

MR. RICHEY said it would do so under the existing financial system.

MR. WESTLAND pointed out that if Bombay used its excess revenue under the powers Mr. Richey claimed for it to create excess expenditure, the result would be that when a new contract came to be made, the increase would be subjected to greater disallowances than in other provinces, and the Government of Bombay thrown into comparatively greater financial difficulties.

MR. RICHEY admitted this would be the result, but meantime the province would have had the benefit of the expenditure. He considered, however, that

the great ratio of increase that Bombay had shewn in the past was far from assured in the future, and that one or two bad seasons might at once shew a very great difference.

MR. WESTLAND then pointed out that favourable revenues necessarily led to accumulation of balances, because even with the full intention of spending all its revenues, a Provincial Government could not expand its rate of expenditure to overtake unanticipated revenue. He enquired of Mr. Macaulay whether his plan for the assessment of contributions should not take some cognisance of the relative states of balance.

MR. MACAULAY said that it did so indirectly, if not directly, because the heaviest assessment fell where the greatest increase had taken place, and where probably the biggest balances would be found.

MR. WESTLAND pointed out that this would be the case only if the balances at the commencement of the contract were not mutually very unequal; or if the accumulations were allowed for in the new contract. It involved the supposition that the assignments in a new contract might be framed with reference to existing accumulated balances and might be reduced on the assumption that the balances should be gradually exhausted by being appropriated to expenditure.

MR. RICHEY said that this principle of assignment was, in a general way, fair. With regard to Mr. Macaulay's proposals he pointed out that special circumstances (such as a famine, &c.) might prevent its being applied. The balance existing at any moment, such as that of Mr. Macaulay's assessment, depended upon many circumstances. An assessment made after his method might fall with most severity on the province that could least bear it. It was for these reasons that he proposed that contributions should be regulated according to proportions determined beforehand.

MR. WESTLAND enquired what proportions he would suggest.

MR. RICHEY said, that in his opinion Bengal should give twice as much as any of the rest: if the others gave 5 lakhs each, Bengal should give 10.

MR. SMEATON said that if equality of taxation was to be seriously considered the proper basis of action, the North-Western Provinces would surely not be assessed on a par with Bombay and Madras. Already, according to Mr. Barbour's conclusion in his "Inquiry," the North-Western Provinces were the most heavily taxed portion of British India—hence the remission of the patwari cess. This would have to be borne in mind in any proposals regarding the equality of taxation.

MR. RICHEY said that he was not sufficiently acquainted with the North-Western Provinces to give an opinion.

MR. MACAULAY and MR. SMEATON thought Mr. Richey's proposals unworkable.

MR. RICHEY replied that they were fairer than the proposal to tax Bombay, while Bengal had, as compared with it, four crores of untaxed assets.

MR. WESTLAND enquired why Mr. Richey thought a percentage system inapplicable to the periodical revisions, if it was good for the intermediate contributions.

MR. RICHEY said he would not apply it to the periodical renewal of the contracts. On those occasions a detailed enquiry should be made. This was especially necessary, as each Local Government necessarily worked in a position of isolation from others, and it was only by such an enquiry that they could obtain the information necessary both for their own guidance and for comparing their own finances with their neighbours'.

MR. MACAULAY recalled the question, which had been put off on a previous occasion, of whether irrigation should be included in the General or in the Local Account. He considered it should be Local in Bengal, because the Local Public Works Cess was levied for the payment of the interest charges upon Irrigation and upon Railways. At present 40 lakhs were raised, but only about 30 were spent as interest, and the only way of justifying the continuance of the remaining 10 lakhs, was by adding to the capital laid out. He thought that capital should be given for this purpose, and that in order to conserve for Bengal the revenue produced by the outlay, and at the charge of local cess, the item should be regarded as Local.

MR. WESTLAND could not admit the argument from the cess as applying to the question of account. The outlay on irrigation seemed to him to be practically outlay for the direct development of land revenue, and should be considered to belong to the General Account. The accounts of India would still be complete, if, leaving out all details of such matters as Education and Hospitals, an amount was merely shewn as generally contributed to local purposes; but irrigation was far too important a matter in Indian finance and administration to be so dealt with, and must continue to be shewn in detail as part of the General Account. As for the argument from the excess of the revenue by local rate, it seemed to him that the proper reply to it was, that there would be no objection to remitting the 10 lakhs excess rate levied on this account, but that any such remission must be immediately accompanied by the imposition of at least an equal quantity for other classes of expenditure, equally chargeable to local rates.

MR. MACAULAY thought that Railways were so far akin to Irrigation that if the former were taken as Local, the latter might be so also.

MR. WESTLAND said that might be a reason for reconsidering the opinion that Railways should be taken to the Local Account; but seeing how Irrigation was dealt with in other provinces, it was not, in his opinion, possible to regard it as other than a portion of the General Account.

Referring to the fact that all irrigation was still Imperial in Bombay, he enquired of Mr. Richey whether the question might not be reopened of provincialising the charges. The question, so far as Sind was concerned, was too closely mixed up with that of land revenue; but at least the question might be taken up for the rest of the province, and in fact it had not been finally settled since it was raised by the Finance Committee.

MR. RICHEY agreed that the matter was open to consideration. Though personally in favour of it, he could not state the views of the Government of Bombay.

The Conference then adjourned to December 23rd.

EIGHTH MEETING.

The Conference met on Sunday, the 23rd December, at 11 A.M.

The members present at the previous meetings were again present, and the Honourable H. E. Stokes also joined the Conference as a delegate on behalf of the Madras Government.

On the question of the respective contributions to be made next year, MR. STOKES strongly objected to Madras giving more than 12 lakhs. He did not think the contributions should be assessed upon balances only; and thought that Bengal and North-Western Provinces should give more than the sums proposed for them.

MR. RICHEY said that his assent to a higher contribution from Bombay was contingent upon Madras being assessed at the rate first proposed. He objected to Bombay paying more than Madras.

MR. WESTLAND enquired of Mr. Stokes in what way he would assess the balance, if Madras only gave 12 lakhs.

MR. STOKES said that it was for the Government of India and not for him to say, but thought that there should be new taxation in Bengal, and that the proposed new taxation in North-Western Provinces was no reason why it should not contribute from balances.

MR. MACAULAY and MR. SMEATON demurred to this; Mr. Smeaton especially drawing attention to the fact that the North-Western Provinces' contribution from the patwari cess was a permanent one, whereas the other Governments were giving their contributions for a year only.

MR. RICHEY said that he had assented to a contribution from Bombay of 17½ lakhs as a contribution from balances; but if we were to go back from the mere consideration of the existing *status*, and the general question were to be taken up upon wider principles, then he held that Bengal and North-Western Provinces were on the same footing, and if new taxation was being undertaken in the latter it should also be so in the former.

MR. SMEATON, while concurring generally with Mr. Richey, considered that new taxation was unnecessary, beyond the reimposition of the patwari cess in the North-Western Provinces and Oudh, which was a special case in exceptional circumstances. It could only be accepted by the North-Western Provinces Government on the condition that no other demands were made on its resources for the present.

MR. WESTLAND pointed out that the question on which the Government desired the opinion of the Conference was the best way of distributing 65 lakhs, as it judged that, through circumstances beyond the control of both Imperial and Provincial Governments, that amount had to be raised either by taxation or by a contribution. He said it was not a sufficient answer to this reference to say that each Government raised strong objections to giving more than certain sums which did not in the aggregate amount to 65 lakhs.

MR. STOKES said that if he were the Government of India, and the occasion justified it, he would go the length of setting aside the contracts altogether and appropriating the provincial surpluses. But it was one thing to ask a Provincial Government to submit to the judgment of the Government of India, and quite another to ask it how much it thought it should give up as compared with other Provinces. He thought it hard that the fruits of its economy should be withdrawn from its use.

MR. WESTLAND said that casual contributions of the kind now under discussion had, on former occasions, been practically assessed upon actual balances. He drew attention to the fact that the available balances were very large in Madras and Bombay, and that, although Madras might have been more economical than Bombay in matters of expenditure, still it should be borne in mind that in 1886-87, Bombay had given up 20 lakhs while Madras had given 6 only.

Passing to the question of the distribution of expenditure between Provincial and Local, MR. STOKES agreed in the principle of the division as a matter of account. It was agreed that Patwaris should be classed as provincial —an arrangement which it was understood would not affect the appropriation to this expenditure of special receipts. The village cess in Madras is supple-

mented by grants made out of land revenue,—sometimes a percentage, and sometimes otherwise fixed. This amount, which is at present shewn as Land Revenue Local (ten lakhs), would pass into the account as Land Revenue Provincial, and the grant, it was presumed, would be shewn simply as a grant from Provincial.

MR. STOKES considered that Municipal Police should be shewn as Provincial, but agreed that it might be considered—so far as the scale was higher than the ordinary scale of establishment (a matter which could be measured only in a general way)—as a possible subject of special taxation, and to that extent different from the ordinary force. He agreed with Mr. Richey that the high Excise receipts of towns might be considered as revenue received against this expenditure, and said that the Madras letter of 3rd December did not propose to classify any part of excise as Local, but referred only to general considerations like this.

MR. RICHEY and MR. MACAULAY said that inclusion of this charge in the General Account did not necessarily prevent the question of special taxation being raised if necessity should compel it

MR. SMEATON agreed, but considered that the cost of general police located in Municipalities was *primâ facie* a provincial charge.

Under Education, MR. STOKES agreed with Mr. Smeaton that all should be regarded as Local, except Direction, Inspection, and Engineering Colleges. He referred to the labour of accounting involved in drawing distinctions. Technical education was, in Madras, provided for under the grant-in-aid system, and Local Funds were to be charged with the cost of Deputy Inspectors, who, however, were regarded as Government servants and not as under Local Boards.

Roads, he considered, should be local. In fact, Madras contributed from general funds only for roads in Vizagapatam and other agency tracts, and for certain Western Ghât roads, as in these places the cesses were non-existent or not sufficient. The Local Boards obtained considerable funds by tolls, and in several districts by ferries.

In other matters relating to this subject, MR. STOKES agreed in the opinions already adopted.

MR. MACAULAY wished to note that he thought the Indian Museum expenditure should be "Local." He thought it would save correspondence and increase efficiency in establishment if the Museum were more completely under Bengal and less under India.

MR. WESTLAND remarked that it was managed by trustees who had powers under a special Act.

On the question whether the grants from General Revenues for Local Expenditure thus classified should be definitely limited, MR. STOKES considered such a limitation was impossible.

MR. WESTLAND pointed out that this limitation was a declared part of the policy of the original contract of 1870, the object being to make local resources the means by which expenditure of this kind should be increased.

MR. STOKES replied that this form of contract and this policy were set aside in 1877.

MR. WESTLAND drew attention to the proceedings of the fifth and sixth meeting, in discussing the question whether the Government of India, after leaving to Local Governments the power of enhancing expenditure under their contracts, was bound to accept, at each contract, the scale of expenditure actually reached. He enquired if Mr. Stokes agreed in the opinion there

recorded that the Government of India, on the other hand, was not bound to accept the enhanced scale of expenditure when a new contract was made, but might assign a revenue smaller than the expenditure and leave the Local Government to make the two ends meet.

MR. STOKES said the Government of India reserved sufficient control over expenditure during the contract, and should accept any increases of recurring expenditure which has been admitted by the Local Government under the rules laid down.

MR. WESTLAND observed that this was true only of such considerable schemes as the revision of Revenue Establishments in Madras (Mr. Garstin's scheme); but it did not apply in many cases. The Local Government might, in various ways, find itself in possession of surpluses of revenue and might utilize them, without control, for example, in extending schools or hospitals or relieving local bodies of expenditure.

MR. STOKES said that expenditure of that class was not compulsory—schools might be shut up and hospitals discontinued;—he would not consider the Government of India bound, in the event of pressure on its resources, to assign sufficient revenue for such extensions. He was referring mainly to administrative improvements, and not to local expenditure.

MR. WESTLAND then enquired, with reference to the letter of the Government of India, whether Mr. Stokes accepted the view that it was desirable to lay down a system by which contributions might be assessed upon the various provinces, when required.

MR. STOKES said that he saw no advantage in the adoption of any such system; no basis adopted could be permanent; the assessment must be with reference to the circumstances of the several provinces at the time; if it became absolutely necessary, it was in the power of the Government of India to suspend all contracts and appropriate the accumulated balances.

MR. WESTLAND enquired whether there would not be an advantage in laying down some proportion for contributions from the various provinces, so that a measure of resumption might be carried out which fell short of complete cancelment.

MR. STOKES said, it should be left for the Supreme Government to investigate and decide; it could not be done by the opinion of a Conference of representatives of provinces, of whom each has the interests of his own province to regard, and who are necessarily largely unacquainted with the circumstances of other provinces. It is for the Supreme Government to consider the relative taxation of the several provinces and their capacity for further taxation, to examine how far equalization is practicable and to lay down any system it can base upon such an enquiry.

MR. WESTLAND enquired if Mr. Stokes had any opinions as to the particular direction which such an enquiry into taxation and taxability might take.

MR. STOKES said that he had not.

The Conference then adjourned to Monday, December 24th.

NINTH MEETING.

The Conference met on Monday, December 24th, at 11 A.M.

The same members were present as at the eighth meeting.

MR. WESTLAND asked Mr. Stokes if he agreed in the principle stated in the proceedings of the fifth meeting, that liability to contribution, in case of calls from Imperial Government, must be accepted as a part of the relations between Imperial and Provincial.

MR. STOKES said he certainly would, but that he did not concur in the adoption of balances only as a standard upon which such contributions should be levied. He considered that the Government of India should look also at the general equality of taxation and the capacity for retrenchment.

With reference to the admission of increases of expenditure being allowed for in new contracts, MR. WESTLAND put the following case. Through favourable seasons, or in consequence of a favourable contract, or for some other reason, one province was enabled, during its period of contract, to increase its expenditure at a greater rate than another. When the Government of India came to make a new contract, should it not be considered at liberty to take this comparatively greater rate of increase into account, so far as to reduce the assignment in the new contract below the standard of expenditure attained?

MR. STOKES said it should. He thought the fixing of assignments upon this basis was a question peculiarly for the decision of the Government of India. It was especially the business of the Government of India to enquire into the equality of taxation, and he considered that, in accordance with the Secretary of State's directions, such an enquiry should be made. He thought there was a great objection to laying down beforehand any proportions for the levy of a contribution, on the fixing of a new assignment. No such rule could, as a matter of fact, be adhered to. The circumstances which should be taken into consideration vary from time to time, and different provinces shew different rates of progress..

MR. STOKES then submitted the following paper with reference to the discussions of yesterday :—

I desire to record a protest against the conclusion of the Conference as to the assessment of the temporary contributions from the several provinces for 1889-90, and the enforcement of this assessment by the authority of the Government of India on the Government of Madras. I do not believe, however, that the Government of India will fail to see the unfairness of the distribution.

I consider that, to assess with reference solely to accumulated balances is unfair in principle, and, as far as I can see, the point is pressed only against Madras. Current surpluses and possibilities of retrenchment during the year ought also to be considered.

I object altogether to the acceptance of the reimposition of the Patwari cess as freeing the North-Western Provinces from further contribution. That province practically gives nothing at all, either out of balances or out of current surplus. In a time of Imperial necessity she graciously consents to the reimposition of a tax which, owing to Mr. Barbour's compassion, was taken off six years ago, and by the remission of which she has been benefited, not only by the sum taken off, but by receipt of an equivalent from general revenues, or some 2½ crores in the six years. She has some four lakhs annual surplus, in ordinary expenditure, and she is entirely relieved of the contribution of 5½ lakhs assessed on her in the circular letter. Her balances are 33 lakhs or $\frac{3}{5}$ of those of Madras, and she contributes nothing from them.

Next as to Bengal. She has a large annual surplus, having increased her balance in 1887-88 by 13½ lakhs, notwithstanding increased Public Works expenditure of 8½ lakhs. Thus she has a surplus of 22 lakhs. Out of this she proposes to contribute 10 lakhs, or in excess of the contributions assessed under the circular letter by only 1½ lakhs. She can pay the 10 lakhs out of her annual surplus and still have 12 lakhs to play with, and her balances untouched. Considering that she is admittedly the most lightly-taxed province, this seems to me unduly favourable treatment.

Bombay has 40 lakhs accumulated, or nearly $\frac{3}{4}$ what Madras has. Her annual surplus is 8 lakhs, and she gets an enormous subvention from general revenue to support an admittedly expensive administration. She has very large Public Works expenditure, from which she can effect retrenchment.. The demand now made upon her is less than that assessed under the

circular by two lakhs. I think she is still hardly treated as compared with the northern provinces, especially Bengal; but I see no reason whatever why the Madras contribution should be made equal to hers.

Against Madras nothing is to be alleged except her unfortunate thrift and want of success in inducing the Secretary of State to allow her to utilise her surplus in administrative improvement long desired. Yet she is now asked to give not only the whole amount of the contribution assessed under the circular (in itself unfair, considering that she has managed her local expenditure more in accordance with accepted principles than any other province), but also 6½ lakhs from her balance. The sum assessed under the circular was far more than her normal surplus, and could not have been met without drawing on the balances, or in ordinary years. She is now threatened with a scarcity which may cost 8 or 10 lakhs.

I was asked yesterday how I would distribute the 65 lakhs.

I think 10 is the outside Madras should be asked for; Bombay has consented to 17½; 20 or 17, as the case may be, should come from the Patwari cess in the North-Western Provinces, and the balance, 17½ or 20½, from that province and Bengal

MR. SHEATON protested against the proposal made by Mr. Stokes—that the North-Western Provinces and Oudh should in 1889-90 *first*, pay the new patwari cess; and *second*, contribute over and above this from its balances. Benevolences, in the shape of separate assignments from balances, were to be paid by the other provinces: it was surely sufficient for the North-Western Provinces to pay its large share (probably about 20 lakhs) of fresh taxation—a *permanent* charge be it observed—without being called on for a benevolence as well. Mr. Barbour's conclusion, in his enquiry into the incidence of taxation, was that the North-Western Provinces were the most heavily taxed of Indian Provinces, and this conclusion had never been contested.

It might be one way of putting it to say that as the patwari cess was remitted and an Imperial grant made in its place, therefore the North-Western Provinces benefited by double the remission: but this was surely political arithmetic, and the fact was that the amount remitted was about the same as that which it was now proposed to reimpose.

As to the 4 lakhs of annual surplus said to be enjoyed by the North-Western Provinces and Oudh: it would be very difficult to lay hands on any such sum. The figures of one year could not be accepted as a basis for the whole term of contract; and, as a matter of fact, the R2,80,000 conceded by the Government of India at the time of contract had no existence. These figures were the result of elaborate enquiries by the Finance Committee, but had eluded the grasp of the Local Government.

Current surplus, apart from balances, had not been adopted by the Conference in arranging for the necessities of 1889-90: and the 5½ lakhs referred to in paragraph 46 of the Government of India's letter of 2nd October last had been shewn in the reply of the North-Western Provinces and Oudh to have been to a great extent imaginary.

Finally, the imposition of the new cess was not, as Mr. Stokes apparently thought, entirely distinct from the question of contribution. The two were, on the contrary, very closely connected; and any action in the direction of making the North-Western Provinces and Oudh liable for both would complicate matters seriously and lead, he feared, to fresh discussion. If the Government of the North-Western Provinces and Oudh was prepared to impose fresh taxation of 20 lakhs per annum, surely the Government of Madras—with the largest estimated balance on record (55½ lakhs) at the close of the current year—could contribute a single lump sum of 17½ lakhs towards Imperial necessities?

MR. MACAULAY desired to record what he had said on a previous occasion, that Bengal was at present, like Madras, threatened with expenditure upon

famine. He pointed out the probability of the annual surplus in Bengal being reduced next year, as scarcity in certain tracts would affect Railway receipts as well as receipts from Excise. He also said that the Bengal Government had never admitted the sufficiency of the contract assignment of 31 lakhs for ordinary public works, and that the extra grant made from the Provincial surplus in the current year was for urgently required repairs.

MR. WESTLAND observed that Mr. Stokes had at the former sitting accepted the view that the Government of India should of its own authority decide what contributions should be given.

MR. STOKES said he held to that view, but he thought that the basis of the assessment at present proposed was too narrow, and it should proceed upon a more general consideration of existing circumstances, and especially that Bengal should be compelled to forego expenditure or meet it from taxation.

MR. MACAULAY said that local taxation had already reached its legal limits in Bengal, and drew attention to the permissive nature of the Local Self-Government Act in Bengal.

MR. WESTLAND said that though fully accepting the necessities arising out of the permanent settlement legislation in Bengal, he did not think that any disabilities arising out of the form of Bengal legislation with regard to Local Self-Government could legitimately be pleaded against the claims of other Provinces which had not limited their authority over Local Boards in the same way.

MR. RICHEY said that it must be remembered that local taxation was limited in the temporarily-settled Provinces, *for the period of each settlement*, in exactly the same sense as it was limited in Bengal under the permanent settlement; and that if Bombay was called on to meet charges by increasing local taxation, there was exactly the same power to do so in Bengal, and it should be exercised.

MR. MACAULAY agreed in principle, but said that he was objecting only to the supposition that a change of the kind could be immediately carried out, or could be made a resource towards meeting *present* necessities. His objection, founded on the ground of the permanent settlement, was only that there was no use discussing the possibility of working up the scale of assessment on land to the Madras or Bombay standard.

MR. WESTLAND asked whether it might not be legitimately argued that the existing taxation being in every province based on the same laws and principles (excepting as regards the permanent settlement), every province was equally well off in being left an equal percentage—say, 20 per cent.—for its expenditure on Provincial purposes.

The premiss was generally questioned and MR. RICHEY said that he could not admit that equality of incidence of revenue in any way followed from the application of the same laws and principles of assessment.

MR. WESTLAND pointed out the great delay that must arise if an extensive preliminary enquiry of the kind proposed were to take place.

MR. RICHEY admitted this, and said that it was upon this ground he assented to the levy of a contribution, for the first year, without consideration of the principles with reference to which alone further adjustments ought to be determined.

MR. SMEATON thought that any enquiry of the kind suggested by Mr. Richey would not only cause delay but would never, he feared, lead to any practical result. A fresh enquiry by a Finance Committee at the close of the present contract would surely meet the requirements of the case.

MR. STOKES did not agree that contributions should be levied, even on this occasion, without considering possibilities of retrenchment.

MR. WESTLAND, after ascertaining from the members that they had no further matters they wanted to bring up for discussion, said he had to acknowledge the assistance the members had given in the discussion of the matters referred by the Government of India and the trouble taken by all the members, and especially by those who had come from a distance. He felt sure that their discussions as to the principles of the provincial contracts, and the difficulties and incompatibilities arising in connexion with them, would be of material assistance to the Government of India in its consideration of the means to be adopted in attaining the purposes explained in its despatch.

MR. RICHEY, speaking for the members, acknowledged the manner in which MR. WESTLAND had guided the discussions.

The Conference then separated.

MINUTE BY Mr. RICHEY.

(Submitted to the Conference at its first meeting.)

In his Despatch of 12th April the Secretary of State reviewed the financial situation and prospects, and the conclusions indicated in his review may be briefly noted. Owing to diminished receipts from Opium and Railways and increasing charges under Exchange, Army and Upper Burma, a large increase in revenues had become necessary; but the increase in salt tax and imposition of petroleum duty together with excise and income tax in Burma will not make an equilibrium.

Moreover, the export duty on rice is objected to—the duty on petroleum oils is opposed to the principle of free imports established in 1882, and the increase in the salt duty should be again remitted as soon as possible, that increased salt duty may be used only as a war tax. If any fresh taxation should become inevitable, it would not be prudent to levy the whole or the larger part by a general tax on all India, but Provincial Governments should be invited to aid the Supreme Government in any measures of fresh taxation that may be required in accordance with their circumstances and capacity. But Provincial Governments will undoubtedly prefer to co-operate with the Government of India in strenuous exertions to provide the necessary funds from the existing revenues, instead of raising them by an additional impost upon their provinces.

It is true that the "arrangements" of 1887 between the Imperial and Provincial Governments have transferred a substantial additional income to the Government of India with a share in the increase of the main heads of Provincial revenue; but objection is taken to the view that the "arrangements" between the Imperial and Provincial Governments are in the nature of contracts, which make no due provision for meeting the constantly changing requirements of the Government of India.

(It is, however, said that the Provincial Governments possess *under the guarantee* of the Government of India an ample and increasing income, so that the accepted view of the "arrangements" that they are in the nature of a contract is admitted.)

But the uncertainties of some of the existing sources of revenue and the demands for future charges are likely to lead to the necessity for *more frequent* readjustments of revenue and expenditure, and the system of contracts with the Provincial Governments excludes Provincial revenue and expenditure from the scope of such readjustments. Some system therefore should be arranged by which the Government of India should be able "as occasion demands" to announce to the Provincial Governments the further demands which they must make, and by which, the Government of India, when they anticipate any deficit, should limit the expenditure of income or balances by the Provincial Governments.

2. These conclusions, as stated in paragraphs 25 and 26 of the Despatch, would imply an entire cancellation of the measures in force for the financial independence—within fixed limits—of the Provincial Governments. If the Government of India can from time to time vary its demands "more frequently" than once in five years, and can in anticipation of deficit dictate Provincial budgets, there is an end of decentralization. But the Secretary of State goes on to state

that he does not desire this; he is satisfied that for successful financial management and political progress nothing is more important than the continued development of the principle of decentralization, which has already been applied with so much advantage.

We may assume therefore that the intention of the Secretary of State's Despatch is, 1st, to authorise the cancellation of existing contracts or "arrangements" with a view to the reservation of a larger share of revenue to the Government of India; and 2nd, to authorise similar modifications of any "arrangements" made in future "whenever the Government of India is compelled to call on the Provincial Governments to assist in meeting extraordinary demands." The new departure therefore should consist in *this*, that the less favourable "arrangement" which may now be made should not be guaranteed for a term of years, but should be liable to modification to meet "extraordinary demands" upon the Imperial exchequer.

3. There would thus be no certain limits either in the amount at the disposal of the Provincial Government or in the time for which a given amount would be left to it; some normal ratio must be assumed or there would be an utter extinction of decentralization. The Government of India, fully realising this, have proposed to fix certain proportions of the entire Provincial revenues as representing the normal shares of Imperial and Provincial in each province. I will not here examine the processes by which the Government of India have arrived at these proportions, but return to the Secretary of State's despatch.

As above noted, the Secretary of State says nothing about any normal proportion of revenue as necessary to Provincial Governments in order to enable them to control their own estimates at least from year to year. What the Secretary of State does is to approach the question from the other side and, taking the need of the Government of India as paramount, he would simply assess each province to its proportion, leaving it to find the means to satisfy this demand, and at the same time to maintain its own minimum by increased taxation if necessary.

4. But here comes in the—to us—important instruction in the last paragraph of his despatch; that before assessing each province to its quotum the Government of India should carefully consider the incidence of existing public burdens, and as in some provinces the "contribution to the revenues" is heavier in proportion to their means than in others—such inequalities should be corrected in distributing the new demand: "and if additional revenue be required, it should be raised mainly in those provinces which are best able to supply it, and which now escape their fair share of taxation."

There is, I think, nothing in this despatch which warrants any demand upon Bombay. We have just been subjected to the severe inquisition of the Finance Commission, and any retrenchments which we can possibly make in one department will almost certainly be needed to supplement deficiencies in contract assignments in others. Our normal surplus may admit of a surrender of 2 or 3 lakhs more in addition to the 25½ lakhs which we have already added to our contribution, but not more without sacrifice of efficiency and reduction of beneficial expenditure to a degree which would be unfair to the tax-payer and politically unsafe. The Secretary of State's last paragraph clearly announces *two* instructions to the Government of India: *1st*, Before assessing Provincial Governments to any addition to their contributions, the proper proportionment of those contributions must be taken in hand; *2nd*, If new taxation is necessary, it must be imposed in *those provinces which now escape their fair share of taxation.* As these provinces are also presumably those which do

not pay to the Imperial exchequer their proper proportion, and as Bombay is *not* one of these provinces, we are entitled to ask that before making any further demand upon us the Government of India should "carefully consider the incidence of existing public burdens."

J. B. RICHEY.

30th November 1888.

The letter of the Government of India of 2nd October begins by noting the financial situation, communicates the despatch of the Secretary of State, and characterises its instructions as inviting a modification of the present contract system "both in the direction of the further development of decentralization" and in making Provincial Governments bear a more direct share of the general financial burden. This is a correct description of the general scope of the despatch, and at once brings into relief the apparently irreconcilable nature of the aims which we have to consider.

2. After quoting the passages of the Secretary of State's despatch bearing upon the above, the Government of India in paragraph 4 state that "the leading ideas of the Secretary of State's despatch are two: (1) that inequalities in the contribution made by the different provinces towards the general expenditure classed as Imperial should be corrected; (2) that the system of Provincial contracts should be altered so as to lay upon the provinces a more complete obligation to share in the growth of Imperial liabilities."

3. Before examining further the methods proposed by the Government of India to carry out these instructions, I must state that I differ entirely from the interpretation given above under (1) of the instructions of the Secretary of State's last paragraph. It may be admitted that the words in the Secretary of State's despatch "contribution to the revenues" will bear the construction put upon them by the Government of India, but if the context be examined it is apparent, I think, that the Secretary of State refers to the contribution made by each province to the revenues of all kinds and not merely to those "classed as Imperial." The "incidence of existing public burdens" is a phrase too wide to be restricted to one kind of revenue. But whether the interpretation placed upon the Secretary of State's instruction be correct or not, there can be no fair distribution of Provincial assessment to Imperial demands unless the incidence of *taxation* "in proportion to means" in the different provinces is equal. The Government of India in their paragraph 45 assume that with the exception of Bengal all provinces are equally taxed; whether this be so or not; the Secretary of State makes no exception in favour of Bengal, but would rather seem to have it in view in the words in which he mentions those provinces "which now escape their fair share of taxation."

4. To return to the Government of India's letter. In paragraph 5 Provincial Governments are invited to make any suggestion suitable to the emergency as alternative to the proposals formulated. This offer to take us into counsel is made on the very sound principle that Provincial Governments are as intimately concerned in Imperial expenditure as in Provincial, the two being in fact only parts of a whole—it is in fact a recognition that there should be "no taxation without representation," and the duty is now laid upon us to act as representatives of our provincial tax-payers.

5. Paragraph 6 of the Government of India's letter is explanatory of the use of the figured statements attached to it, and it may be noted that those statements are referred to as "shewing what the Government of India understands by the principal of equality as between provinces." It is only necessary here to

remark that these figured statements would go to prove that the "incidence of existing burdens" is heavier in Bengal than in Bombay, and that in the former province "the contribution to the revenue is heavier in proportion to its means than in the others." I quote the words of the Secretary of State's despatch which the figured statements are intended to illustrate. I think no clearer proof can be wanted that the principle of equality as between provinces cannot be satisfied by the method suggested in the Government of India's letter, and in fact that method is at once impugned by the admission in paragraph 45 of the favoured position of Bengal.

6. But it is time to examine the specific proposals contained in the letter, Parts II to V, and to determine how far they may be accepted by this Government without prejudice to sound principles or to the fair claims of the provincial tax-payers whom we represent.

The scheme for a readjustment of shares of revenue between Imperial and Provincial is based upon the division of revenue and expenditure into "General" and "Local" and the design that "expenditure of a local character should be provided as far as possible out of local revenues, a foundation being laid for a system by which the aid that is at present given from the general revenues may be gradually withdrawn."

7. Now, first let us get a clear idea of what is meant by local revenue and expenditure. In England the answer is easily arrived at. It means the taxation imposed and the expenditure defrayed by local bodies. Englishmen having for centuries been accustomed to contribute towards and to manage expenditure on objects of municipal or communal administration, can be relied upon to provide for and administer still wider interests, which in the absence of such powers of self-government would have to be provided for and administered by the State; to some of these the State, I think, as representing the interest of the general tax-payer, contributes, as in India.

In India, local revenues are practically taxation imposed by the Government. Outside municipalities no local bodies have the power of taxation, and the large majority of municipal tax-payers would in the first instance not have taxed themselves at all for municipal purposes, and would even now get rid of most of their municipal rates and be satisfied with a lower standard of municipal comfort.

As we cannot trust any but the few advanced municipalities to provide adequately for the discharge of their functions without legal pressure, cannot give our District Local Boards powers of taxation, and as we could not entrust them with the administration of larger interests, such as police or jails, for instance, it is clear that there is a radical distinction between the tests which we should apply to determine what is local revenue and expenditure in England and in India.

But I think we may go further still in questioning the application of the principle laid down in the Government of India's letter as shewn in their figured statements. To the ordinary Indian tax-payer there is no distinction between general and local taxes (even in municipalities the distinction between the "Sirkar" and the municipal authorities as tax-collectors is not yet realised by the masses); if, as the Government of India desire, the distinction is to be brought home to the tax-payer by the withdrawal of all assignments from other than so-called Local Funds, the result *must* be further taxation. We cannot allow roads and bridges to fall permanently into disrepair, the public health to be at the mercy of Waids and Hakims, elementary education to be withdrawn from the ryot—the money-lender will always secure it—or withdraw all aid from secondary education,

pension off our highly-paid teachers, withdraw from technical instruction, and from efforts to cope with the ravages of cattle-disease by instruction in veterinary science. But is the distinction between general and local taxation, which the tax-payer cannot distinguish between, a real one in the present aspect of Indian finance? We have seen that it cannot be distinguished by the English test; is the test supplied by the Government of India's figured statements a safe one? That test is simply the head of account, and the head of account means that the taxation to which it applies is assigned to certain definite purposes in defined areas, instead of being available for "general" expenditure: in other words, the *revenue* is called local because of its statutory assignment to "local" *expenditure*, not because as a tax it differs in any way from the land revenue to which most of it is attached. But it will of course be urged that this taxation is specialised, in that, after the full demand of the State for general revenue has been laid upon the soil, the local rate is imposed as something additional for beneficial expenditure. Acting on this view, the Government of India claim that all revenue except the local funds, chiefly made up of rates on land, should properly be reserved for general purposes, none of it being spent upon the same objects to which local funds are assigned: and upon this basis they propose to readjust the shares of Provincial and Imperial revenue by retrenching all expenditure upon "local" objects out of other than "local" funds.

8. This brings us back to the initial difference between the view which I take it is expressed by the Secretary of State and that taken by the Government of India as to the equalisation of burdens.

Assessment on land, both General and Local, being, as I have said, really *one* in its incidence on the tax-payer, the mere head of account is no safe guide to determine what amount should go to "general" and what to "local" expenditure. As the provinces are unequally taxed to land revenue, it is clear that the portion of the total taxation which in one province is credited to Local Fund would in another be taken into General Revenue, and that burdens will not be equalised, but rather the contrary, by accepting the present heads of account as representing the proper ratio of General and Local taxation, as is done in the Government of India's letter.

It is surely as necessary, when making a readjustment of the three heads, Imperial, Provincial, and Local, to see that the ratio between the two latter in each province is correct, as it is to see that the ratio between Imperial and Provincial is correct in the whole empire. These ratios can be equitably settled only by reference to incidence of taxation, *not* by reference to existing heads of account.

9. This is hardly the place to discuss the principles upon which the ratio between Local and General in each province should be settled, but there are two principles which, I think, should be at once put in the forefront of our argument.

10. The first applies both to the proportionment of Imperial and General as well as to the proportionment of General and Local. It is that shares should be fixed with reference *not* to the present unequal standard of taxation, but with reference to a common standard to be arrived at after careful comparison of the taxable resources of each province. I think there can be no question that the people of a province, which is highly taxed in proportion to its resources, are entitled to a larger share of beneficial expenditure than the tax-payers of one less burdened; and that the only equitable manner in which the proportions of Imperial, General, and Local taxation can be arrived at, is to apply to each province the standard which may be found fairly to represent the

incidence of taxation upon its resources, all revenue above a certain datum going to Imperial and the balance being left for Provincial and Local. The Government of India have recognised the necessity for a common "standard by which the additional demands which the necessities of Imperial finance compel the Government of India to make, may be equitably distributed between the various provinces" (paragraph 55); but I must again repeat that in my opinion the instructions of the Secretary of State, to which that paragraph refers, are not carried out by seeking a standard in a comparison of heads of account.

11. The second principle for the apportionment of revenue between Imperial, Provincial, and Local, which, I think, calls for recognition, is based upon the history of expenditure in each province in the past.

The taxable resources of a province are either natural or artificial; by artificial I mean due to expenditure which has added to the public capital. Those provinces which in the past have received most expenditure from general revenues in railways, canals, roads, and public improvements generally, are in a position to pay a larger share to general revenues than those who have not been provided at the public expense with the same amount of capital. For instance, Burma is now being supplied with communications, &c., at the expense of the rest of India: it would, as a matter of financial equity, be right that Burma hereafter should recoup the rest of India, by retaining a smaller proportion of its taxation for local purposes only than other provinces which have not been so favoured.

12. Briefly to sum up the foregoing, I would maintain that the existing accounts furnish no data for an equitable assessment of each province to the Imperial demand: That an equitable assessment requires that that demand shall primarily be based upon the taxable resources of each province and the amount levied upon each proportioned accordingly, the balance being left at the disposal of the Provincial Government without reference to expenditure by the Provincial Governments on "general" or "local," but that provinces which have been favoured in the past in respect of expenditure on "local" objects should be liable to a larger contribution than those less favoured.

I would maintain that no fair distribution can be arrived at by working *upwards* from the "Local" expenditure. That it must be made by working *downwards* from the Imperial assessment.

I have of course not lost sight of the fact, noted more than once by the Government of India, that local circumstances must be taken into account in the distribution of burdens, and indeed I have claimed that it *should* be taken into account in allowing for "Local" expenditure with a regard to the past financial history of each province.

13. In Part II of their letter the Government of India have analysed the distribution of the revenue of the chief provinces according to the present contract, under which certain heads of revenue are shared in certain proportions. The results are that Bombay receives in addition to its shares ₹81,87,000, Madras ₹5,16,000—while from the North-West Provinces and Bengal the Imperial Government receives in addition to *its* shares ₹50,000 and ₹19,90,000. In paragraph 45 of their letter the Government of India say that there can be "little justification for a system which gives to the wealthy province of Bombay, in aid of its local expenditure upon schools, hospitals, and roads, a grant from General Revenues which is two or three times as large as that which the other provinces obtain." I have shown above that I do not accept the present distribution between General and Local revenues in each province as representing

any *real* distinction, and it may well be that the "General Revenue" spent upon schools, &c., in Bombay would in another province be called "Local Revenue." The first question—does Bombay spend more than a due share of its taxation on these objects?—is not answered by reference to accounts.

The second question—does Bombay draw for its Provincial and Local expenditure upon other provinces of India?—is not answered by pointing to the ₹81,87,000 by which its shares of divided revenue are supplemented.

14. So far as I am aware, there is no reason, except that of financial convenience, why particular heads of revenue should be selected for division in particular proportions. A change in the proportions would make all the difference in the result. For instance, if the two items of revenue which depend mainly upon careful administration, Excise and Assessed Taxes, were left wholly to the Provincial Governments, any deficiency being made up from General Revenues, the result would be that Bombay would require about ₹54 *lakhs*, Madras 50, North-West Provinces 52, and Bengal 44, to make up its present Provincial assignment. In a word, there would probably be no difficulty in so manipulating the divided heads of account as to bring out any given province in deficit, and there is no real distinction between what is called the "General Revenues" upon which Bombay is said to draw, and the other share of the divided head of receipt which is called "Provincial."

To ascertain whether Bombay receives a subsidy from other provinces which it spends on local objects is easy. So far as can be gathered from the accounts accessible to us, the whole of the public expenditure in Bombay—Imperial (including Army), Provincial and Local—is met by those revenues of Bombay which are in the administrative charge of the Provincial Government, and a surplus of some 10 lakhs is left to be *added* to the revenues, Salt, Customs, &c., which, contributed by Bombay, are remitted to England or spent in other provinces. The account appears to be as follows, details being shewn in Appendix G:—

Imperial Net Revenue from all heads (except Opium, Salt and Customs).

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
		(Rupees in	thousands.)		
1. Imperial net revenue .	2,50,23	3,99,97	4,78,47	4,02,41	1,92,22
2. Incidence per head .	1-8-4	1-4-9	1-1-2	0-9-0	1-0-9
3. Deduct from item 1 net expenditure on Army .	2,40,04	4,05,70	No detail for Army expenditure are available for these provinces.		
4. Surplus or deficit .	+ 10,19	—5,73			

So far then from Bombay drawing anything from other provinces its annual income is drawn upon to the extent of ₹10,19,000 for expenditure in other provinces.

15. This Government is of course aware that Imperial expenditure cannot be distributed with any reference to the sources from which it is drawn; some provinces must suffer depletion while others will benefit by the expenditure in them of their neighbours' contributions. These matters are governed by political and military considerations in which all contributors have an equal interest, and it may at any time be the good fortune of Bombay to receive a large share of Imperial expenditure in military works, docks, railways, &c. But while quite willing to give its quotum to the Imperial needs, Bombay must protest against being held up to other provinces as giving less than its quotum, in the face of facts which point to an exactly opposite conclusion.

16. The contribution of Bombay to Imperial expenditure would be less than it ought to be if—

1st—the amount raised by taxation in Bombay were less in proportion to its resources than that raised in other provinces in proportion to theirs

2nd—its expenditure on Provincial and Local were excessive in proportion to its taxation.

With reference to this last I may refer to the remarks in paragraph 70 of the Government of India's letter as to the inequalities in Provincial expenditure. The Government of India recognise that the percentage of expenditure to revenue must vary and (in paragraph 62) that administrative charges in Bombay are unavoidably more expensive than elsewhere. It certainly must be the case that where wages are high the cost of administration will be high in proportion to total *revenue*, but it by no means follows that it will be high in proportion to *taxation*; the higher the taxation above a certain datum, the higher as a rule will be the percentage of cost of collection. But I am not sure that the existing accounts give any real data of cost of collection, and I will return to this point hereafter; it belongs to the consideration of the second condition noted above, and I have mentioned it here only in explanation of my claim that Provincial and Local expenditure should be proportioned *not* to *revenue* but to *taxation*.

17. Let us then first consider whether taxation in Bombay is proportioned fairly to that of other provinces.

The Government of India in their letter have called Bombay "wealthy." I am not aware on what grounds Bombay as compared with other parts of India is termed wealthy. It certainly has the advantage over all other provinces except Bengal in its commerce, but its agricultural resources are far below those of other provinces.

Its "wealth" is derived from its trade alone, but for the purposes of taxation trade is now of small account except indirectly, and the Provincial Government have absolutely no power to touch it. Such direct revenue as the commercial activity of Bombay brings in through the Custom House, the Railways, Post Office, Telegraph, &c., the Government of India take entirely to themselves, and it is not probable that a Provincial Government would be listened to for a moment if it proposed to re-impose customs duties on the ground that its wealth lay in trade. Nor for the equalisation of burdens upon provinces would this be justifiable.

18. Let us see next how Bombay compares with other provinces in respect of taxation most nearly connected with trade and which is in the hands of the Provincial administration,—that is, Assessed Taxes.

The total revenue and the net revenue per head for the chief provinces is shewn below (*vide* Appendices B and C for details) :—

Assessed Taxes.

Details.	Bombay.			Madras.			North-West Provinces.			Bengal.			Punjab.		
	R	*a.*	*p.*	*R*	*a.*	*p.*	*R*	*a.*	*p.*	*R*	*a.*	*p.*	*R*	*a.*	*p.*
Gross revenue per head . .	0	3	3	0	0	9	0	0	9·4	0	0	10·6	0	0	10·1
Net do. do. . .	0	3	2	0	0	8·8	0	0	9·3	0	0	10·2	0	0	10
Gross revenue per head of non-agricultural population.	0	9	4	0	2	7	0	2	8	0	3	5	0	2	8
Gross revenue exclusive of Presidency cities.	0	4	10	...			...			0	1	8	...		

It will be seen that the incidence per head in Bombay is about four times as much as in any other province. Even if the capital cities are excluded the result is not materially altered.

In regard to the only form of taxation in which it is open to the Bombay Government to tax directly the "wealth" which is attributed to it, there can hardly be a question that the incidence is greater and not less than that of other provinces. If the contributions to assessed taxes of official salaries were deducted, the comparison would hardly be less favourable to Bombay.

19. The only other form in which the commercial wealth of Bombay is made to contribute to other than Imperial revenue is in municipal taxation which, falling upon urban populations, may be supposed to affect the trading classes more than others. A comparison of the provinces again shews higher taxation in Bombay (*vide* Appendix B for details):—

Municipal Taxation (exclusive of Presidency cities)

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
Incidence per head.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
1. True taxation . . .	1 4 5	0 12 0	0 11 1	0 12 4	...
2. Gross receipts (including taxation).	1 13 5	1 5 3	0 14 6	1 0 9	...

20. Leaving the heads of revenue which bear directly upon the trade wealth of Bombay, let us examine those which can be but little affected by foreign commerce.

Of these there are two, Stamps and Registration, which can be but little affected by the efficiency or otherwise of administration. The incidence of taxation under these heads should, *ceteris paribus*, be an approximate measure of the taxable resources of each province. Of course there must be local causes for variation, but whatever they are the current administration can have little or nothing to do with them.

The revenue under these two heads compares as follows:—

Stamps and Registration.

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
	(Rupees in thousands).				
1. Stamps—Gross revenue .	48,30	59,50	65,00	1,38,75	36,50
2. Registration do.	4,25	9,10	3,70	10,20	2,12
3. Total of 1 and 2 .	52,55	68,60	68,70	1,48,95	38,62
4. Incidence per head—Stamps	0 4 8	0 3 1	0 2 4·2	0 3 4	0 3 1·1
5. Do. do. Registration	0 0 5	0 0 5·6	0 0 1·6	0 0 2·9	0 0 2·2
6. Do. Total of 4 and 5 .	0 5 1	0 3 6·6	0 2 5·8	0 3 6·9	0 3 3·3

It seems not at all improbable that at least for the provinces of Bengal, Madras and Bombay, these figures fairly represent the proportion of non-agricultural taxable resources of each province. The following table shews the comparison of incidence of assessed taxes and of Stamps and Registration.

Proportion of incidence of Assessed Taxes to that of Registration and Stamps.

Details.	Bombay.			Madras.			North-West Provinces.			Bengal.			Punjab.		
Incidence per head.	R	a.	p.	R	a.	p.	R	a.	p	R	a.	p.	R	a.	p.
1. Stamps	0	4	8	0	3	1	0	2	4·2	0	3	4	0	3	1·1
2. Registration	0	0	5	0	0	5·6	0	0	1 6	0	0	2 9	0	0	2·2
3. Total Stamps and Registration	0	5	1	0	3	6·6	0	2	5·8	0	3	6 9	0	3	3·3
4. Assessed Taxes	0	3	3	0	0	9	0	0	9·4	0	0	10 6	0	0	10·1
5. Proportion of Incidence of Assessed Taxes to that of Stamps and Registration	63·9			21 0			31 7			24·7			25·8		

21. Next to Assessed Taxes, Excise Revenue will probably exhibit most clearly the degree of efficiency of Administrations in working the sources of revenue that are committed to their charge in such a manner as to raise the incidence of taxation to the maximum. Here again the circumstances of each province differ from those of its neighbours in respect of consumption of exciseable commodities; but it is impossible without evidence to assume that the consumers among the 16 millions of Bombay pay less duty per gallon than those of other provinces, in the face of the following figures shewing the total Excise revenue and the incidence per head of population :—

Excise Revenue.

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
	(Rupees in thousands.)				
Gross revenue	94,40	96,00	56,50	1,09,75	13,90
Incidence per head	0 9 2	0 4 11·7	0 2 0·1	0 2 8	0 1 2·2

22. There remain Land Revenue and Forests under the administration of the Provincial Governments.

I have said that in agricultural resources Bombay is far below the other chief provinces; this is fully recognised by the Famine Commission, who in their Report, Part II, pages 71 to 75, make estimates of the production of each province and the incidence of land-revenue demand. Their conclusions appear to me to be subject to correction both as to the value of produce and the incidence of taxation, but it is hardly necessary to go into detail on these points here. They are fully shewn in the note and tables, Appendix K, to which I ask a reference. With regard to this estimate of the Famine Commission, however, I must note that it excludes Sind, representing a higher outturn for about $\frac{1}{10}$ of the cultivated area of the province, and that though 7 bushels an acre is too high for the Deccan areas of capricious rainfall and frequent failure, it is probably too low for the whole Presidency; but it is plain that a small increase in the estimate, where the proportion of cheap produce is so large, will not very materially alter the proportionate incidence of taxation.

23. I have endeavoured to illustrate the comparative agricultural poverty of Bombay by an examination of the proportion and character of exportable crops in each province, and of the area in each irrigated. These data are shewn in Appendices (I and J) and are probably liable to some modification since the date of their being brought to record, but they are believed to be near enough

to the existing facts for the purposes of a fair comparison. The areas under exportable produce in each province are as follows :—

	Acres in thousands.	Percentage on cultivated area.
	*	
Bombay	92,24	33·95
Madras	98,57	39·90
North-West Provinces	1,57,12	38·37
Bengal	4,33,53	79·6
Punjab	90,99	44·76

* These figures refer to *known* areas only. See Appendices.

It will be seen that Bombay even with Sind is materially lower in the cultivation of exportable produce than any other province. In production per acre and quality of produce Bombay may be expected to be superior to other provinces in respect of cotton, equal in other produce common to all, and in respect of rice, wheat and tobacco, inferior. Perhaps what strikes a Bombay officer as the most noticeable feature in these returns is the very large area of sugar-cane in the North-West Provinces and Punjab; probably the bulk of the revenue from this area goes to irrigation, but according to prices in Bombay the value of the produce on the 1,060,000 acres of the North-West Provinces and of the 354,000 acres of the Punjab would be *at least* 25 and 9 crores of rupees; but the figures as to irrigated crops given in the Statistical Atlas deal only I think with canals of which account is kept in the Irrigation Department, and represent only a portion of the crops irrigated. Of those under canals according to the Statistical Atlas we find the value in each province as follows :—

North-West Provinces, £6,500,000; Punjab, £3,939,000; Madras, £1,000,000; Bombay, including Sind, £1,650,000.

24. The areas irrigated in each province according to the return of 1886-87 shew the following percentage of cultivated area :—

	Irrigated area. Acres in thousands.	Percentage on cultivated area.
Bombay proper	7,55	3·1
Sind	15,51	98·9
Bombay (including Sind)	23,06	8·7
Madras	60,00	26·1
North-West Provinces	78,38	22·8
Bengal	10,00	18·4
Punjab	65,55	35·6

These figures have a very close relation to the taxable resources of land, inasmuch as the certainty of crops in irrigated land has to be set off as regards agricultural income against the uncertainty of rainfall to which much of Bombay is particularly exposed. This is clearly brought out in the Famine Commission's report and the Statistical Atlas.

25. All accessible statistics then bear out the statement that Bombay is far inferior to other provinces in agricultural resources.

Let us see how far the incidence of taxation corresponds to this inferiority. I have already referred to Table K in Appendices and noted that some deduction should be made from the Bombay incidence on account of Sind and probable under-estimate. The following figures taken from Appendices B, C, and E shew the comparative incidence of Land Revenue per head of total, and per head of the agricultural population, and per acre.

It is sufficiently apparent that, in respect of Land Revenue, taxation in Bombay is no whit below that of other provinces in proportion to its resources.

Land Revenue.

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
	R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*
Incidence per head of total population . . .	2 0 11	1 6 10	1 4 8	0 9 2	1 2 0
Incidence per head of the agricultural population . .	3 2 9	2 0 2	1 13 2	0 12 4	1 10 2
Incidence per assessed acre .	1 0 8	*0 14 6	1 0 6	...	0 7 0
Incidence per cultivated acre .	1 0 9	0 15 7	1 12 11	...	0 15 10

* This includes the permanently-settled districts paying a very low land-tax.

26. Of Forest Revenue only a portion, *i.e.* the charges for grazing, &c., which ordinarily formed a receipt of land revenue, can come under the head of taxation proper, but at any rate Bombay may claim to have developed this portion of the public estate at least as well as any other province. Forest receipts per square mile compare as follows as shewn in the Moral and Material Progress Report of 1885-86:—

Details.	Bengal.	Bombay.	Madras.	North-West Provinces.	Punjab.
Total area under Forest Department . . sq. miles	11,458	13,932	10,121	3,685	4,448
Net Revenue ₹	2,27,060	15,36,750	2,67,910	4,89,680	1,75,030
Revenue per square mile ₹	20	113	26	133	39

The very large Forest Revenue of the North-West Provinces is no doubt due to some special cause not operating in other provinces.

27. In the foregoing I have reviewed each item of revenue separately, and shewn that taxation under each head is higher in Bombay than in other provinces in proportion to resources.

Materials for a general comparison of totals are abundant. At page 41 of the Statistical Atlas is a table shewing the principal sources of revenue for each province. In this table the position of Bombay as very highly taxed while poor in agricultural resources is clearly brought out; the last two columns are as below:—

Province.	Net revenue per 1,000 square miles.	Net revenue per 1,000 of population.
	£	£
Bombay	36,829	280
Madras	43,618	196
North-West Provinces	70,357	168
Bengal	36,227	99
Punjab	26,791	153

For further details I ask reference to Appendix L, which shews the incidence of true taxation after distribution of Customs and Salt Revenue upon the populations of the various provinces. The incidence per head is as follows:—

Bombay.	Madras.	North-West Provinces	Bengal.	Punjab.
R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
3 10 8	2 12 5	2 0 9	1 7 6	1 15 6

28. It will be observed in the table given at page 41 of the Statistical Atlas, that Bombay shews a much larger deduction under refunds and assignments than any other province; this is due to the large amount of land revenue alienated. The loss is no doubt in some measure recouped by larger receipts under other heads, but it is an important feature in any comparison of the resources of Bombay with those of other provinces in respect of land revenue.

As the alienated lands never formed part of the public estate under British rule, they are on an entirely different footing from the permanently-settled holdings of Bengal and Madras, but I think it is probable that with quit-rents and local rates they yield on an average as much land revenue per acre as the more favoured zamindaris. It is obvious that their holders, though liable with all other subjects to be made to bear a proportionate share of public burdens, cannot be called upon until the classes who have no historic title to exemption have first been dealt with.

29. Let us now consider whether the expenditure of Bombay, Provincial and Local, is excessive in proportion to its taxation as compared with other provinces. I have said that there is no real distinction between the demand upon land called "General" and that called "Local" or in the Government of India's letter "Special" (when this last falls upon land). One province collects, say, $\frac{1}{4}$ of the rent and adds a cess called "Local," another collects $\frac{1}{8}$ the rent and adds a cess, another collects 10 annas of the rent and adds a cess. From a financial point of view all the taxation must be regarded as a whole, and the expenditure should be similarly treated, unless existing inequalities are to be aggravated. The following tables shew the proportions of land tax in each province assigned to general and local revenue:—

Proportionate Percentage of Incidence per Head of Land Revenue and Provincial Rates.

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
Incidence per Head.	R a. p	R a. p.	R a. p.	R a. p.	R a. p.
1. Land Revenue . . .	2 0 11	1 6 10	1 4 8	0 9 2	1 2 0
2. Provincial Rates . .	0 2 7	0 3 5	0 2 5	0 1 11	0 3 2
3. TOTAL	2 3 6	1 10 3	1 7 1	0 11 1	1 5 2
Proportionate Percentage per Head.					
4. Land Revenue . . .	100	69	63	28	54
5. Provincial Rates . .	100	132	93	74	122
6. TOTAL .	100	74	65	31	60

Amount of Provincial Rates per Rupee of Land Revenue.

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
			(Rupees in thousands.)		
1. Land Revenue . . .	3,38,88	4,41,32	5,71,00	3,82,00	2,12,47
2. Provincial rates . . .	26,85	65;50	66,60	81,75	37,30
3. Amount of Provincial rates per rupee of Land Revenue	*R* *a.* *p.* 0 1 3	*R* *a.* *p.* *0 2 4	*R* *a.* *p.* 0 1 10	*R* *a.* *p.* 0 3 5	*R* *a.* *p.* 0 2 9

* R0-1-6 exclusive of Village Service Fund.

30. I may here first note what has been already mentioned, that existing data as to cost of collection of revenue are unsatisfactory. In zamindari provinces the cost of the detailed collection of land revenue is included in the difference between a rayatwari assessment and that now levied, which is left in the hands of the zamindar, but *not* shewn as a charge. If this were brought to account with a corresponding increase to revenue, it is probable that the cost of collecting the land revenue in zamindari districts would be quite equal to that of Bombay, or at least equivalent. For example, assuming that 2 annas in the rupee of land revenue will represent the cost of survey and assessment and collection of revenue in Bengal under a rayatwari system, the following table will give the result:—

Details.	Gross Revenue.	Collection Charges.	Net Revenue.
	(Rupees in thousands.)		
1. Existing land revenue and charges . .	3,82,00	33,00	3,49,00
2. *Add*—2 annas in the rupee for cost . .	47,75	47,75	...
3. TOTAL	4,29,75	80,75	3,49,00

—that is; the percentage of collection charges amount under item (1) to 8·6 and under item (3) to 18·8, which is almost equal to that obtaining in Bombay.

31. Again, in Madras, and I think elsewhere, village revenue officers are paid for by a local cess. In Bombay the cesses for village officers were abolished and their amount was included in the total land revenue demand. In Sind only by recent legislation a cess has been laid upon land for payment of village officers. It is plain that in order to compare administrative charges in Bombay with those of Madras, or other provinces where an assignment of land revenue called a local cess is applied to payment of village establishments, the amount of the cess should be transferred to the general heads as in Bombay, or Bombay be allowed to transfer its village charges with corresponding revenue to Local.

32. But besides these considerations, it must again be noted that a very high rate of taxation implies administrative charges which will compare with those of a lowly-taxed province, not in arithmetical proportion to the excess of revenue, but in a much higher ratio. It is admitted in the Government of India's letter that the charges of general administration must differ in different provinces, and that Bombay cannot reduce its percentage of expenditure to revenue to the level of other provinces. This is of course to be expected in a sparsely inhabited province largely intermixed with Native States and with large

areas paying very little land revenue, but with a very high standard of wages. It is noticeable that of the whole rayatwari area of Bombay and Madras there is only one district with an average incidence of less than 8 annas (7 annas 6 pies) per acre—the Bombay district of Sholapur; large areas of other Deccan districts are of the same standard, and it is only the very high maximum which our assessments of the most favoured districts attain that gives the good result already shewn, which, however, gives an average of R1-0-2 per acre for the province as compared with R1-8-0 in Madras rayatwari districts. Reference is requested to Appendix E shewing incidence of land revenue per acre, &c.

33. I have referred to the revenue side of the account here as explaining in great measure the dearness of administration in Bombay in proportion to revenue, the poorest agricultural districts requiring the same executive and judicial machinery as the richest; but if the entire cost of collection now paid for in other provinces by special cesses or by revenue remitted to zamindars were brought into the Provincial account, the difference as against Bombay would be materially reduced.

34. Reference to Appendix L will shew that the items of *true* taxation, including salt and customs, bear upon each province with the following incidence per head :—

Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
R a. p. 3 10 8	*R a. p.* 2 12 5	*R a. p.* 2 0 9	*R a. p.* 1 7 6	*R a. p.* 1 15 6

A proportionate Provincial and Local expenditure would, therefore, give Bombay an assignment far in excess of any other province. Instead, however, of recognising the equitable principle which I dealt with above in paragraph 10 that expenditure should bear some proportion to taxation in each province, the Government of India in paragraph 70 of their letter assume that the cost of administration and local expenditure in the most highly taxed province should, *cæteris paribus*, be on an equality with that of the lowest, and that any larger assignment claimed by Bombay must be justified not by its heavy taxation but by special local causes.

It is not reasonable to ask for a reduction of expenditure, Provincial and Local, from Bombay in order to relieve other provinces when Bombay already pays all its expenses, Imperial, Provincial and Local, and contributes to Imperial three times as much per head as Bengal, twice as much as the Punjab, and far more than Madras or the North-West Provinces, as appears from the following figures shewing the amount per head left for the Imperial Treasury after meeting expenditure. (See Appendix F.)

Incidence of gross receipts and expenditure.

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
Total Civil Heads, exclusive of Opium, Salt and Customs.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*
1. Revenue per head	4 8 4	2 10 1	1 14 6	1 4 1	1 14 8
2. Expenditure per head	2 9 6	1 2 1	0 11 5	0 10 9	0 15 6
3. Balance left per head	1 14 10	1 8 0	1 3 1	0 9 4	0 15 2

35. I think it is abundantly shewn that expenditure in Bombay as proportioned to taxation is not excessive and that it contributes its full proportion to the Imperial Treasury.

36. I have said above that the only equitable way to assess Imperial contributions is to proportion them to the taxable resources of each province; it has also been noted that the taxable resources of Bombay are precisely those which, so far as they are directly taxable, are under Imperial administration; it was also noted that these same resources are possessed by Bengal to at least the same extent. Assuming that the populations of the other chief provinces are fairly equal in capacity for taxation of all other kinds, we may apply population to give a rough measure of the proportionate contribution of each to the Imperial revenue. The Government of India (paragraph 65) want 19½ crores out of the revenues under Provincial administration to make up their required Rx. 41,000,000.

Distributed according to population as in Appendix M, the following results are shewn:—

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
	(Rupees in thousands.)				
1. Amount proportionate to population	1,61,40	3,02,80	4,32,66	6,54,19	1,84,91
2. Amount now actually paid	2,50,23	3,99,97	4,78,47	4,02,41	1,92,22
3. Surplus or deficit of item 2 over item 1	+ 88,83	+ 97,17	+ 45,81	— 2,51,78	+ 7,31
	R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*
4. Amount per head of item 1 .	0 15 8	0 15 8	0 15 8	0 15 8	0 15 8
5. Amount per head of item 2 .	1 8 4	1 4 9	1 1 4	0 9 8	1 0 4
6. Surplus or deficit per head of item 5 over item 4 . .	+ 0 8 8	+ 0 5 1	+ 0 1 8	— 0 6 0	+ 0 0 8

37. On the basis of population it appears that, while Bengal alone is in debt to the other provinces, Madras and Bombay are enormously over-assessed. Now whatever inequality in taxable resources may be found to exist as between provinces, it cannot be maintained that Bengal is not as rich as any in such resources, whether natural or due to expenditure in past years. Its enormous deficit is due of course to inadequate taxation. A note is appended (Appendix N) shewing the incidence of land-tax in various tracts of Bengal on gross area, the area cultivated in each tract not being available. Making ample allowance for waste, it would still appear probable that the average land-tax over half Bengal is not equal to that of the worst district in the rayatwari areas of Bombay and Madras combined.

38. Instead of "wealthy Bombay receiving in aid of its local expenditure a grant from General Revenues," it would appear that wealthy Bengal receives from other provinces, or from General Revenues properly so called, nearly half of its entire expenditure of all kinds.

This is the real inequality in the present state of Indian finance, and *not* the trifling discrepancies in heads of expenditure noted in paragraph 56 of the Government of India's letter, and it now becomes necessary for this Government, on behalf of the tax-payers of Bombay, to protest in the strongest terms against the proposed aggravation of their present unfair burdens.

39. The permanent settlement of Bengal land revenue was, I think, in great measure advocated on the ground that the prospective revenue abandoned to the zamindars would give a return to the State through indirect taxes. As our fiscal system has been revolutionised by the practical abandonment of indirect taxation, it is time for the other provinces to call upon Bengal to make good in some small measure the enormous debt which she owes to the Imperial treasury, and at least for the future to bear her proper share of the public burden. The so-called "local" revenues of Bengal and very much more belong of right to the General Revenues of India, and it is intolerable that the tax-payers of Bombay should be asked that they shall tax themselves further or submit to a stoppage of all development in communications, medical relief, education, &c., in order that money which ought to go to the Imperial Exchequer may be spent upon these objects in Bengal. This is all the more unfair from the fact that Bengal possesses in her natural water-ways and in railways an immense advantage over Bombay in the matter of communications. The land revenue in the temporarily-settled districts has increased in the last 25 years by some 17½ per cent. If the land revenue of Bengal even at its present low standard had increased at an equal rate it would now be giving some 66 lakhs more than it produces.

40. Though the subject is by no means exhausted, I think enough has been said to shew that we cannot in justice to Bombay acquiesce in the premises upon which the conclusions of the Government of India are based. They seem neither to satisfy the instructions of the Secretary of State nor the equities of the financial situation.

I do not therefore propose to go into any detailed examination of the method in which the conclusions arrived at have been applied as illustrated by the figured statements. If we cannot obtain a reconsideration of the premises which we challenge, and a genuine attempt to readjust financial burdens on a more equitable basis, it will *then* be necessary to approach the subject from a mere account point of view and to examine items.

41. For the present we have followed the principles which have, I think, always guided this Government in its relations with Imperial finance, and have promised the precise sum which the Government of India demand from us next year. This we must regard as a contribution from our savings similar in all respects to the sum of 20 lakhs given on a former occasion. The benefaction will cripple our resources for beneficial and reproductive expenditure for the present, but we recognise the paramount duty of meeting Imperial needs without hesitation; the Government of India will, no doubt, on their part recognise that our inability to accept the arrangements proposed in their letter does not arise from any unwillingness to bear our share of the public burden, or even as at present more than our proper share, if it is found necessary to allow political considerations to override financial equities.

J. B. RICHEY.

30th November 1888.

APPENDICES.

Statistical and Financial Tables.

A. General Table of Resources.

B. Incidence of General Taxation per head.

C. Incidence of Land Revenue per head of Agricultural Population; and Incidence of Assessed Taxes per head of Non-agricultural Population.

D. Incidence of District Local Funds Proper per head of Total and Agricultural Population.

E. Incidence of Land Revenue per acre and per head of Population (Secretary of State' Form C).

F. Incidence per head, Gross Receipts and Expenditure.

G. Proportion of Imperial Share to Imperial Expenditure.

H. Area of Food and Non-food Crops, 1886-87.

I. Area of Exportable Articles, 1886-87.

J. Irrigated Area, 1886-87.

K. Incidence of Land Revenue on Produce.

L. Incidence of *true* Taxation per head.

M. Distribution of 19½ crores, proportionate to Population.

N. Incidence of Land Tax per acre in Bengal.

A.—*General Table of Resources.*

Details.		Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
PART I.						
1. Total Area in Square Miles		1,24,134 100	1,39,900 113	1,06,111 86	1,50,588 121	1,06,632 86
2. Total Population		1,64,54,000 100	3,08,68,000 188	4,41,07,000 268	6,66,91,000 405	1,88,50,000 115
3. Number of Towns and Villages		24,598	52,051	1,05,421	2,48,706	34,324
4. Number of Districts		23	21	49	47	32
5. Density of Population per Square Mile		132·8	220·6	415·6	442·8	176·7
Rural Population—						
6. Agricultural		1,06,95,000 65	2,19,16,000 71	3,13,16,000 71	4,93,51,000 74	1,30,06,000 69
7. Non-Agricultural		28,34,000 17	59,41,000 19	85,08,000 19	1,36,91,000 20	34,05,000 18
8. Total Rural (6+7)		1,35,29,000 82·2	2,78,57,000 90·2	3,98,24,000 90·3	6,30,42,000 94·5	1,64,11,000 87·1
9. Urban Population		29,25,000 17·8	30,11,000 9·8	42,83,000 9·7	36,49,000 5·5	24,39,000 12·9
Towns with 10,000 and more population.						
10. Number of towns		65	75	104		46
11. Population of towns		22,61,000	20,99,973	31,61,502		14,84,498
PART II.						
12. Percentage of Area for which Agricultural Statistics are not available		25·2	35·5	12·9		6·6
Cultivated Area.						
13. Cropped (Net)	Acres.	2,63,55,920 48·7	2,30,04,643 39·6	2,42,68,778 54·5		1,83,87,661 29·0
14. Fallow	„	73,69,761 13·6	49,66,056 8·6	26,47,999 4·2		57,71,010 9·1
15. Total	„	3,37,25,681 62·3	2,79,70,699 48·2	3,69,16,777 58·7		2,41,58,671 38·1
Waste or Uncultivated.						
16. Cultivable	Acres.	68,44,806 12·6	77,77,298 13·4	1,12,12,372 17·9		2,19,74,651 34·7
17. Uncultivable	„	85,20,584 15·7	1,12,38,960 19·3	89,60,011 14·2		1,17,54,836 18·6
18. Not classified	„	...	25,13,395 4·4	...		...
19. Total Waste	„	1,53,65,390 28·3	2,15,29,653 37·1	2,01,72,383 32·1		3,37,29,487 53·3
20. Forest	„	50,82,366 9·4	85,49,009 14·7	57,89,171 9·2		54,24,807 8·6
21. Total Waste and Forest	„	2,04,47,756 37·7	3,00,78,662 51·8	2,59,61,554 41·3		3,91,54,294 61·9

Not available.

NOTE.—To obtain the numbers of the Agricultural population of Bombay, Mr. Baines' estimate of 65 per cent. of the total population has been accepted, though it is probably below the mark. It has been discovered by calculation that in Bombay 65 per cent. of the total represents 79 per cent. of the rural population; and in order to obtain figures for the other provinces where only the numbers of the rural population can be ascertained, it has been assumed that the Bombay rate (79 per cent. of total = Agricultural) applies everywhere.

A.—I.—*Elimination of unknown Areas (item 12 of Appendix A).*

	Bombay.							Madras.			North-West Provinces.			Punjab.		
	Bombay proper.		Sind.		Grand Total.											
	Available.	Not available.	Available.	Not available.	Available.	Not available.	Total.	Available.	Not available.	Total.	Available.	Not available.	Total.	Available.	Not available.	Total.
1. Gross area	4,47,67,464	27,10,016 5·9	94,05,973	1,55,26,325 62·3	5,41,73,437	1,82,36,341	7,24,09,778 25·2	5,80,49,361	3,19,77,749 35·5	9,00,27,110	6,28,78,331	49,97,720 12·9	6,78,76,051	6,33,12,966	45,76,377 6·6	6,78,89,342
Cultivated.																
2. Net cropped	2,47,88,452 55 3	14,98,639	15,67,468 16·7	25,92,896	2,63,55,920 48·7	40,91,535	3,04,47,455 42·1	2,30,04,643 39·6	1,26,63,189	3,56,67,832	3,42,68,778 54·5	27,23,758	3,69,92,536	1,83,87,661 29·0	13,27,149	1,97,14,810
3. Fallow	53,67,186 12·0	3,25,202	20,02,575 21·2	32,91,581	73,69,761 13·6	36,16,783	1,09,86,544 15·2	49,66,056 8·6	27,50,086	77,16,142	26,47,999 4·2	2,09,904	28,57,903	57,71,011 9 1	4,16,450	61,87,460
4. Total	3,01,55,638 67·3	18,23,841	35,70,043 37·9	58,84,477	3,37,25,681 62·3	77,08,31	4,14,33,999 57·3	2,79,70,693 48·2	1,54,13,275	4,33,83,974	3,69,16,777 58·7	29,33,662	3,98,50,439	2,41,58,671 38·1	17,43,599	2,59,02,270
Waste and Uncultivated.																
5. Cultivable	36,89,750 8·2	2,22,221	31,55,056 33·6	52,16,845	68,44,806 12·6	54,39,066	1,22,83,872 16·9	77,77,298 13·4	42,85,018	1,20,62,316	1 12,12,372 17·9	8,94,592	1,21,06,964	2,19,74,651 34·7	15,88,003	2,35,62,654
6. Uncultivable	61,89,140 13·9	3,76,692	23,31,444 24·8	38,50,529	85,20,584 15·7	42,27,221	1,27,47,805 17·6	1,12,38,960 19·3	61,71,706	1,74,10,666	89,60,011 14·2	7,09,676	96,69,6 7	1,17,54 836 18·6	8,51,206	1,26,06,042
7. Not classified	...	...	...	...	...	...	...	25,13,395 4·4	14,07,021	39,20,416	...	...	...	...	...	...
8. Total Waste	98,78,890 22·1	5,98,913	54,86,500 58·4	90,67,374	1,53,65,390 28 3	96,66,287	2,50,31,677 34·5	2,15,29,653 37·1	1,18,63,745	3,33,93,398	2,01,72,383 32·1	16,04,268	2,17,76,651	3,37,29,487 53 3	24,39,209	3,61,68,696
9. Forest	47,32,936 10·6	2,87,262	3,49,430 3·7	5,74,474	50,82,366 9·4	8,61,736	59,44,102 8·2	85,49,009 14·7	47,00,729	1,32,49,738	57,89,171 9·2	4,59,790	62,48,961	54,24,807 8 6	3,93,569	58,18,376
10. Total Waste and Forest	1,46,11,826 32·7	8,86,175	58,35,930 62·1	96,41,848	2,04,47,756 37·7	1,05,28,023	3,09,75,77 42·7	3,00,78,662 51·8	1,65,64,474	4,66,43,136	2,59,61,554 41·3	20,64,05	2,80,25,612	3,91,54,294 61·9	28,32,778	4,19,87,072

Note.—The column "Not available" is filled up on the assumption that the same proportion as in the known area is found under "Cultivated" and "Waste" in the unknown tracts.

Taxation Heads.	Bombay.						Madras.					
	Gross Revenue.	Collection Charges.	Net Revenue.	Incidence per Head.			Gross Revenue.	Collection Charges	Net Revenue.	Incidence per Head.		
				Gross Revenue.	Collection Charges	Net Revenue.				Gross Revenue.	Collection Charges.	Net Revenue.
	Rs.	in thousands.		R a. p.	R a. p.	R a. p.	Rs.	in thousands.		R a. p.	R a. p.	R a. p
A. Provincial—												
1. Land Revenue	(b)3,38,88	(c) 67,00 19·8	2,71,98	2 0 11	0 6 6	1 10 5	4,41,92	78,33 17·72	3,63,09	1 6 10·5	0 4 0·7	1 2 9·8
2. Excise	94,41	2,95 3·12	91,45	0 9 2	0 0 3·4	0 8 10·7	96,00	2,23 2·32	93,77	0 4 11·7	0 0 1·4	0 4 10·3
3. Assessed Taxes	33,50	77 2·29	32,73	0 3 3	0 0 0·9	0 3 2·1	14,50	40 2·75	14,10	0 0 9	0 0 0·2	0 0 8·8
4. Stamps	48,30	2,20 4·55	46,10	0 4 8	0 0 2·8	0 4 5·8	59,50	1,50 2·52	58,00	0 3 1	0 0 0·9	0 3 0·1
5. Forests	31,58	19,78 62·63	11,80	0 3 1	0 1 11	0 1 2	14,62	12,12 82·90	2,50	0 0 9	0 0 7·5	0 0 1·5
6. Registration	4,25	2,88 67·76	1,37	0 0 5	0 0 3·4	0 0 1·6	9,10	6,32 69·45	2,78	0 0 5·0	0 0 3·9	0 0 1·7
Total Provincial Taxation A.	5,50,91	95,58 17·35	4,55,33	3 8 6·8	0 9 3·5	2 13 3·3	6,35,04	1,00,80 15·87	5,34,24	2 0 11	0 5 2·7	1 11 8·3
B. Local—												
7. Provincial Rates	26,95	51	26,34	0 2 7	(d) ...	...	65,50	...	...	0 3 4·7	...	...
8. Civil Works (Tolls and Ferries)	4,11	...	4,11	0 0 5	...	...	8,19	...	...	0 0 5·1	...	...
Total B.	30,96	51	30,45	0 3 0	...	...	73,69	...	...	0 3 9·8	...	...
Total A. and B.	5,81,87	96,09	4,85,78	3 8 6·9	...	...	7,08,73	...	...	2 4 8·9	...	...
C. Municipal— (Exclusive of Presidency Cities).												
9 Taxation Proper	24,22	1,74	...	1 4 5	...	...	10,81	...	...	0 12 0	...	...
10. All Receipts	34,79	...	...	1 13 5	...	...	19,18	...	...	1 5 3	...	...

(a) The financial figures used in this as also in subsequent tables relate to the Revised Estimates of 1887-88, except when otherwise mentioned.
(b) Exclusive of 81 lakhs due to alienations.
(c) The percentages are those of collection charges on gross revenue.
(d) Cost of collection on a uniform principle is not obtainable for local and municipal revenues.

Taxation per head. (c)

N.-W. Provinces.						Bengal.						Punjab.					
			Incidence per Head.						Incidence per Head.						Incidence per Head.		
Gross Revenue.	Collection Charges.	Net Revenue.	Gross Revenue.	Collection Charges.	Net Revenue.	Gross Revenue.	Collection Charges.	Net Revenue.	Gross Revenue.	Collection Charges.	Net Revenue.	Gross Revenue.	Collection Charges.	Net Revenue.	Gross Revenue.	Collection Charges.	Net Revenue.
R	in thousands.		*R* a. p.	*R* a. p.	*R* a. p.	*R*	in thousands.		*R* a. p.	*R* a. p.	*R* a. p.	*R*	in thousands.		*R* a. p.	*R* a. p.	*R* a. p.
5,71,00	81,00 14·18	4,90,00	1 4 8·5	0 2 11·2	1 1 9·3	3,82,00	33,00 8 63	3,49,00	0 9 2	0 0 8 5	0 8 4·5	2,12,47	33,80 15·76	1,78,97	1 3 0	0 2 10	0 15 2
56,50	1,17 2·07	55,33	0 2 0·6	0 0 0·3	0 2 0·1	1,09,75	4,20 3·82	1,05,55	0 2 .7·6	0 0 1·2	0 2 6 4	13,90	57 4·10	13,33	0 1 2·3	0 0 0·6	0 1 1 6
31,60	20 0 92	21,40	0 0 9·4	0 0 0·9	0 0 9·3	37.00	1,50 4·05	35,50	0 0 10·6	0 0 0·4	0 0 10 2	9,90	14 1·41	9,76	0 0 10·1	0 0 0·1	0 0 10
65,00	1,70 2·61	63,30	0 2 4·2	0 0 0·7	0 2 3 5	1,38,75	4,77 3·43	1,33,98	0 3 4	0 0 1·4	0 3 2·6	36,50	1,09 4·03	34,81	0 3 1·1	0 0 1·7	0 2 11·4
14,40	9,58 66·52	4,82	0 0 6 2	0 0 4·1	0 0 2·1	7,00	4,22 60·28	2,78	0 0 2	0 0 1·2	0 0 0·8	9,74	6,84 70·22	2,90	0 0 9·9	0 0 7	0 0 2·9
3,70	1,95 52·70	1,75	0 0 1 6	0 0 0·9	0 0 0·7	10,20	5,80 56 86	4,40	0 0 2·8	0 0 1·7	0 0 1 3	2,12	1,08 50 94	1,04	0 0 2·2	0 0 1·1	0 0 1·1
7,32,20	95,60 13·06	6,36,60	1 10 6·6	0 3 5·6	1 7 1	6,84,70	53,49 7·81	6,31,21	1 0 5·1	0 1 3·4	0 15 1·7	2,84,63	4,382 15·39	2,40,81	1 3 1·9	0 3 8·6	1 4 5·3
(c)66,60	7	...	0 2 5	...	...	81,75	3,69	...	0 1 11·5	...	...	87,30	1,68	...	0 3 2	...	...
7,90	...	...	0 0 3 4	...	...	5,17	...	...	0 0 1·4	...	...	4,45	...	...	0 0 4·5	...	...
74,80	...	...	0 2 3·4	...	...	86,92	...	...	0 2 0 9	...	...	41,75	...	...	0 3 6·5	...	...
8,06,70	...	...	1 13 . 3	...	...	7,71,62	...	...	1 2 6	...	...	3,26,38	...	...	1 11 3·2	...	...
22,10	...	...	0 11 1	—	...	20,93	...	...	0 13 4	...	...	Not available.					
28,35	...	...	0 14 6	...	...	28,35	...	...	1 0 9	...	...						

(c) For details *see* Appendix D. The amounts shown here under "Local" include portions credited to "Provincial" in the accounts:—

	North-West Provinces.	Bengal.	Punjab.
	R	in thousands.	
Provincial Rates—			
Provincial . . .	16,71	41,80	6,59
Local	49,89	39,95	30,71
Civil Works—			
Provincial . . .	7,36	3,06	2,75
Local	54	2,11	1,70

In Bombay and Madras it is all "Local."

C.—Incidence of Land Revenue per head of Agricultural Population and Incidence of Assessed Taxes per head of Non-Agricultural Population.

Details.	Bombay.		Madras.		N.-W. Provinces.		Bengal.		Punjab.	
	Revenue.	Incidence per head.	Revenue.	Incidence per head.	Revenue.	Incidence per head.	Revenue.	Incidence per head.	Revenue.	Incidence per head.
	R	*R a. p.*	*R*	*R a. p.*	*R*	*R a. p.*	*R*	*R a. p.*	*R*	*R a. p*
1. Land Revenue	3,38,88,000	3 2 9	4,41,32,000	2 0 2	5,71,00,000	1·13 2	3,82,00,000	0 12 4	2,12,47,000	1 10 2
2. Provincial Rates	26,85,000	0 4 0	65,50,000	0 4 10	66,60,000	0 3 5	81,75,000	0 2 8	37,30,000	0 4 7
3. Total 1+2	3,65,73,000	3 6 9	5,06,82,000	2 5 0	6,37,60,000	2 0 7	4,63,75,000	0 15 0	2,49,77,000	1 14 9
4. Assessed Taxes (inclusive of Capital Cities)	33,50,000	0 9 4	14,50,000	0 2 7	21,60,000	0 2 8	37,00,000	0 3 5	9,90,000	0 2 8
5. Assessed Taxes (exclusive of Capital Cities)	(*a*) 15,27,400	0 4·10	...	...	...	...	17,81,500	0 1 8	...	...
6. Presidency Cities	18,22,600	2 5 8	...	...	...	...	19,18,500	2 8 0	...	...

(*a*) The amount of Assessed Taxes under items 5 and 6 is roughly calculated from the amount shown for 1886-87.

Agricultural and Non-Agricultural Population.

Detail.	Bombay.	Madras.	N.-W. Provinces.	Bengal.	Punjab.
Agricultural	1,06,95,000 65	2,19,16,000 71	3,13,16,000 71	4,93,51,000 74	1,30,06,000 69
Non-Agricultural	57,59,000 35	89,52,000 29	1,27,91,000 29	1,73,40,000 26	58,44,000 31
Total	1,64,54,000	3,08,68,000	4,41,07,000	6,66,91,000	1,88,50,000

Note.—For further details of Agricultural and Non-Agricultural Population, *vide* General Table A.

D.—Incidence of District Local Funds Proper.

(Taken from Civil Accounts of 1886-87.)

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
	R	R	R	R	R
Amount of Local Fund Proper	26,75,920	43,25,020	43,64,490	37,12,750	19,61,170
	R a. p.	*R a. p.*	*R a. p.*	*R a. p.*	*R a. p.*
Incidence per head of Total Population . . .	0 2 7	0 2 3	0 1 7	0 0 11	0 1 8
Do. of Agricultural Population . . .	0 4 0	0 3 2	0 2 3	0 1 2	0 2 5

Vide details given below.

Details of Provincial Rates (Civil Accounts, 1886-87, page 36).

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.
	R	R	R	R	R
DISTRICT LOCAL FUND—					
1. Cess on lands for roads, schools, hospitals, and general purposes	26,75,920	43,25,020	43,64,490	37,12,750	19,61,170
PROVINCIAL—					
2. Cess on lands for roads, schools, &c. . .	...	...	6,35,200	38,59,370	...
3. Do. for famine assurance, canals, and Railways	...	...	16,41,820	..	6,49,440
4. Do. on lands for district post	...	...	37,240	3,28,130	16,680
5. Do. for village service and patwaris . .	...	21,32,660	...	...	11,06,930
6. Assessment on wards' estates for establishment charges	...	...	...	1,00,190	3,000
7. Miscellaneous	...	(a) 39,240	(b) 3,07,310	35,690	...
Total Provincial Rates	26,75,920	64,96,920	66,86,060	80,36,130	37,37,220

(a) Irrigation cess in lieu of labour.

(b) Chowkidari (Village Police) cess in Oudh.

E.—Incidence of Land Revenue per Acre and per Head of Population.

(Figures taken from Secretary of State's Form C, given in "Agricultural Statistics for British India" for 1886-87.)

Detail.	Bombay.	Madras.			North-West Provinces.	Punjab.	Remarks.
	Rayatwári.	Rayátwari.	Zamíndári.	Total.	Zamíndári and Village Communities.	Zamíndári and Village Communities.	
1. Land Revenue (Gross) R	3,33,61,520	4,23,74,579	57,15,756	(b)4,80,90,335	5,74,13,377	2,34,80,371	No statistics are available for Bengal.
2. Total Population .	1,56,81,218	2,16,61,055	91,62,491	3,08,23,546	4,41,07,369	1,85,50,437	
3. Incidence of Land Revenue (1), per head of Population (2) . *R a. p.*	2 2 1	1 15 4	0 9 11	1 8 11	1 4 9	1 3 11	
4. Total fully assessed Area . Acres	(a)2,25,61,031	2,06,03,892	2,46,06,242	5,36,10,134	5,43,27,737	5,08,98,763	
5. Assessment on do. . R	2,28,53,353	4,34,49,292	50,75,016	4,85,24,308	5,59,98,431	2,23,85,220	
INCIDENCE OF LAND ASSESSMENT (5) ON FULLY ASSESSED AREA (4) PER ACRE.							
A.—For Total Area assessed.							
6. Maximum average of District . *R a. p.*	4 2 7 (Broach)	3 9 7 (Tanjor)	0 9 5 (South Arcot)	...	1 14 2 (Mathura)	1 11 4 (Jullandar)	
7. Minimum average of District . „	0 7 6 (Sholápur)	0 9 0 (Anantpur)	0 1 7 (Vizagapatam)	...	0 2 2 (Lalitpur)	0 1 1 (Kohat)	
8. Average for the Province . „	1 0 2	1 8 0	0 3 4	0 14 6	1 0 6	0 7 0	
B.—For cultivated area only.							
9. Maximum average of District . *R a. p.*	4 3 6 (Broach)	3 13 2 (Tanjor)	...	...	2 13 3 (Mathura)	2 2 11 (Jullandar)	
10. Minimum average of District . „	0 7 7 (Sholápur)	0 12 1 (Nilgiris)	...	...	0 8 7 (Tarai)	0 4 1 (Hissar)	
11. Average for Province . . „	1 0 9	1 11 8	...	(c) 0·15 7	1 12 11	0 15 10	

(a) Exclusive of Sind.
(b) Inclusive of about 39 lakhs due to irrigation which in Table B is not included under Land Revenue.
(c) Calculated on the assumption that the whole of the fully assessed area under Zamíndári is cultivated, *i.e.*, occupied.

F.—Incidence per head, Gross Receipts and Expenditure.

Details.	Bombay.		Madras.		North-West Provinces.		Bengal.		Punjab.		Remarks.
	Revenue.	Expenditure.	Revenue.	Expenditure.	Revenue.	Expenditure.	Revenue.	Expenditure.	Revenue.	Expenditure.	
					Rs. in thousands.						
1. Total Civil Heads (exclusive of Opium, Salt, and Customs)	7,44,11	4,27,46	8,11,39	3,49,73	8,41,86	3,15,32	8,37,95	4,49,11	3,61,71	1,83,21	Amount left per head for Imperial Treasury, after meeting expenditure under Item 5 :—
2. Total Civil Heads (inclusive of Opium, Salt, and Customs)	11,39,61	4,49,05	9,68,75	3,65,37	8,46,11	3,15,32	16,77,75	7,05,28	3,62,21	1,83,21	
3. Total Departmental Heads . .	63,30	3,71,08	37,01	5,04,41	49,20	97,27	1,52,66	1,35,12	2,50,90	2,37,18	
4. Grand Total . .	12,33,51	8,20,13	10,05,76	8,69,78	8,95,31	4,12,59	18,30,41	8,40,40	6,13,11	4,20,39	
Incidence per head.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
5. Total Civil Heads, (exclusive of Opium, Salt, and Customs)	4 8 4	2 9 6	2 10 1	1 2 1	1 14 6	0 13 5	1 4 1	0 10 9	1 14 8	0 15 6	
6. Total Civil Heads (inclusive of Opium, Salt, and Customs)	7 1 9	2 11 8	3 2 2	1 2 11	1 14 8	0 11 5	2 8 3	1 0 11	1 14 9	0 15 6	
7. Total Departmental Heads . .	0 6 2	2 4 1	0 1 11	1 10 2	0 1 9	0 3 6	0 3 8	0 3 3	1 5 3	1 4 2	
8. Grand Total . .	7 7 11	4 15 8	3 4 1	2 13 1	2 0 5	0 14 11	2 11 11	1 4 2	3 4 0	2 3 8	

	R	a.	p.
Bombay .	1	14	10
Madras . .	1	8	0
N.-W. Provinces .	1	3	1
Bengal .	0	9	4
Punjab .	0	15	2

G.—*Proportion of Imperial Share to Imperial Expenditure.*

Details.	Bombay.			Madras.			North-West Provinces			Bengal.			Punjab		
	Revenue.	Expenditure.	Excess of Revenue over Expenditure.	Revenue.	Expenditure.	Excess of Revenue over Expenditure	Revenue.	Expenditure.	Excess of Revenue over Expenditure.	Revenue.	Expenditure.	Excess of Revenue over Expenditure	Revenue.	Expenditure.	Excess of Revenue over Expenditure.
						Rupees in thousands.									
1. Total Revenue Heads (exclusive of Opium, Salt and Customs)—															
(a) Imperial	2,78,80	14,48	2,64,32	3,76,90	5,40	3,71,50	4,98,47	7,17	4,91,30	4,31,33	10,10	4,21,23	1,57 63	7,90	1,49,73
(b) Provincial	3,53,11	81,10	2,72,01	2,58,14	95,40	1,62,74	3,00,33	88,50	2,11,83	3,55,12	47,08	3,08,04	1,64,30	37,60	1,26,70
(c) Total	6,31,91	95,58	5,36,33	6,35,04	1,00,80	5,34,24	7,98,80	95,67	7,03,13	7,86,45	57,18	7,09,27	3,21,93	45,50	2,76,43
2. Remaining Civil Heads—															
(a) Imperial	56,95	47,98	8,97	79,16	35,44	43,72	11,30	16,93	—5,63	13,24	31,31	—18,07	14,10	21,01	— 6,85
(b) Provincial	55,25	2,83,90	—2,28,65	97,19	2,13,49	—1,16,30	31,76	2,02,72	—1,70,96	58,26	3,60,64	—3,02,36	25,62	1,16,70	— 91,08
(c) Total	1,12,20	3,31,84	—2,19,68	1,76,35	2,48,93	—72,58	43,06	2,19,65	—1,76,59	71,50	3,91,93	—3,20,43	39,72	1,37,71	—97,93
3. Total Civil Heads, Items 1 and 2— (exclusive of Salt, Opium and Customs)—															
(a) Imperial	3,35,75	62,46	2,73,29	4,56,06	40,84	4,15,22	5,09,77	24,10	4,85,67	4,44,57	41,41	4,03,16	1,71,79	28,91	1,42,88
(b) Provincial	4,08,36	3,65,00	43,36	3,55,33	3,08,89	46,44	3,32,09	2,91,22	40,87	3,93,38	4,07,70	—14,32	1,89,92	1,54,30	35,62
(c) Total	7,44,11	4,27,46	3,16,65	8,11,39	3,49,73	4,61,66	8,41,86	3,15,32	5,26,54	8,37,95	4,49,11	3,88,84	3,61,71	1,83,21	1,78,50
4. Total Departmental Heads (exclusive of Army)—															
(a) Imperial	40,11	63,17	—23,06	11,46	26,71	—15,25	4,00	11,20	—7,20	16,28	17,03	— 75	2,49,62	2,09,28	40,34
(b) Provincial	7,31	51,39	—44,08	1,89	48,34	—46,45	45,20	86,07	—40,87	1,36,38	1,18,09	18,29	1,28	36,90	—35,62
(c) Total	47,42	1,14,56	—67,14	13,35	75,05	—61,70	49,20	97,27	—48,07	1,52,66	1,35,12	17,54	2,50,90	2,37,19	13,72
5. Grand Total (exclusive of Army, Opium, Salt and Customs), Items 3 and 4—															
(a) Imperial	3,75,86	1,25,63	2,50,23	4,67,52	67,55	3,99,97	5,13,77	35,30	4,78,47	4,60,85	58,44	4,02,41	4,21,41	2,29,19	1,92,22
(b) Provincial	4,15,67	4,16,39	—72	3,57,22	3,57,23	—1	3,77,29	3,77,29	...	5,29,76	5,25,79	3,97	1,91,20	1,91,20	...
(c) Total	7,91,53	5,42,02	2,49,51	8,24,74	4,24,78	3,99,96	8,91,06	4,12,59	4,78,47	9,90,61	5,84,23	4,06,38	6,13,61	4,20,39	1,92,22
Imperial Excess per head under 5 (a).	...	...	1 8 4	...	...	1 4 9	...	...	1 1 ·2	...	...	0 9 0	...	...	1 0 9
6. Add Army—															
(a) Imperial	16,48	2,56,52	—2,40,04	23,66	4,29,36	—4,05,70	(b)...	...	...	...	...	...	...	...	...
(b) Provincial	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
(c) Total	16,48	2,56,52	—2,40,04	23,66	4,29,36	—4,05,70	...	...	...	...	...	...	...	...	...
7. Total including Army (Items 5 and 6)—															
(a) Imperial	3,92,34	3,82,15	10,19	4,91,18	4,96,91	—5,73	...	...	...	...	...	...	...	...	...
(b) Provincial	4,15,67	4,16,39	—72	3,57,22	3,57,23	—1	...	...	...	...	...	...	...	...	...
(c) Total	8,08,01	7,98,54	9,47	8,48,40	8,54,14	—5,74	..	...	...	..	...	...	...	...	...
8.—Add Opium, Salt and Customs—															
(a) Imperial	4,24,78	21,59	4,03,19	1,56,69	13,98	1,41,71	(a) 4,25	..	4,25	8,38,26	2,50,66	5,87,60	(a) 50	...	..
(b) Provincial	72		72	1,67	1,68	1	...	...	...	1,54	5,51	—3,97		...	...
(c) Total	4,25,50	21,59	4,03,91	1,57,36	15,64	1,41,72	4,25	...	4,25	8,39,80	2,56,17	5,83,63	50	...	...
9. Grand Total inclusive of Army, Salt, Customs and Opium (Items 7 and 8)—															
(a) Imperial	8,17,12	4,03,74	4,13,39	6,48,87	5,10,89	1,35,98	5,13,02	35 30	4,82,72	12,99,11	3,09,10	9,90,01	4,21,91	2,29,19	1,92,72
(b) Provincial	4,16,39	4,16,39	..	3,58,89	3,54,99	..	3,77,29	3,77,29	...	5,31,30	5,31,30	...	1,91,20	1,91,20	...
(c) Total	12,33,51	8,20,13	4,13,38	10,05,76	8,69,78	1,35,98	8,95,31	4,12,59	4,82,72	18,30,41	8,40,40	9,90,01	6,13,11	4,20,39	1,92,72

NOTE.—"Provincial" includes Local Revenue and Expenditure throughout.
(a) Opium alone. The Salt receipts are credited to the Account of India general.
(b) No details of Army are separately available for North-West Provinces, Bengal and Punjab.

H.—*Area of Food and Non-food Crops, 1886-87.*

Details.	Bombay.						Madras.		North-West Provinces.		Punjab.		Bengal.	
	Presidency proper.		Sind.		Total.									
	Acres.	Percentage.	Acres.	Percentage.	Acres.	Percentage.	Acres.	Percentage.	Acres.	Percentage.	Acres.	Percentage.	Acres.	Percentage.
A.—Food Crops.		(a)											(b)	
1. Rice	1,560,217	6·1	456,063	27·0	2,016,280	7·4	6,165,132	25·0	6,274,052	15·3	734,058	3·6	37,500,000	68·8
2. Wheat	1,957,069	7·7	193,709	11·5	2,150,778	7·9	31,024	0·13	5,109,953	12·5	6,136,565	30·2	850,000	1·5
3. Other Food-grains, including Pulses	16,652.744	65·5	742,265	43·9	17,395,009	64·2	13,623,411	55·3	23,204,466	56 6	10,172,299	50·1	8,750.000	16·0
4. Total Food-grains (1—3)	20,170,030	79·3	1,392,037	82·4	21,562,067	79·5	19,819,567	80·43	34,588,471	84·4	17,042,912	83·9	47,100,000	86·3
5. Sugar-cane	78,100	0·31	1,926	0·11	80,026	0·3	44,312	0·18	1,060.785	2·6	354,281	1·74	350,000	0·7
6. Miscellaneous food crops	149,792	0·60	33,494	1·98	183,286	0·67	918,835	3·74	860,428	2·1	360,079	1·8	800,000	1·4
7. Total A. (Food-crops, 4+5+6)	20,397,922	80·21	1,427,457	84·49	21,825,379	80·47	20,782,714	84·35	36,509 684	89·1	17,757.272	87·44	48,250.000	88·4
B.—Non-food Crops.														
8. Oil-seeds	1,803,308	7·1	168,670	9·97	1,971,978	7·3	1,548,194	6·3	1,030,775	2·5	631,688	3·1	2,000,000	3·7
9. Cotton	2,840,029	11·2	66,679	3·93	2,906,708	10·7	1,487,204	6·0	1,885,721	4·6	1,093,405	5·4	300,000	0·6
10. Jute	...	...	50	...	50	...	13,318	0·05	...	...	...	...	800,000	1·4
11. Other Fibres (except Cotton and Jute)	116,539	0·5	546	...	117,085	0·5	13,753	0·06	124,575	0·32	50,151	0·24	...	...
12. Indigo	4,113	...	69	...	4,182	...	424,534	1·72	290,070	0·72	93,796	0 46	1,300,000	2·4
13. Coffee	137	...	...	...	137	...	54,924	0·22	...	...	...	...	10	..
14. Tea	12	...	...	...	12	...	6,901	...	8,373	0·02	8,765	0·04	50,000	0·1
15. Tobacco	86,177	0·34	7,964	0·47	94,141	0·35	74.717	0·30	52,651	0·13	46,437	0·22	200,000	0·4
16. Cinchona	...	...	...	...	...	...	7,925	...	...	...	...	...	3,000	...
17. Miscellaneous	165,737	0·65	19,149	1·14	184,886	0·6	245,372	1·0	1,091,367	2·7	6,36,453	3·1	1,600,000	3·0
18. Total B. (Non-food crops, 8—17)	5,0f6,032	19·79	263,127.	15·51	5,279,179	19·53	3,875,942	15·65	4,483,532	10·99	2,560,695	12·56	6,253,010	11·6
19. Grand Total (A + B)	25,413,974	100·	1,690,584	100·	27,104,558	100·	24,658,656	100·	40,993,216	100·	20,317,967	100·	54,503,010	100·
20. Deduct twice cropped	625,522	...	123,116	...	748,638	...	1,654,013	...	6,724,438	...	1,930,306	...	....	...
21. Net cropped Area	24,788,452	..	1,567,468	...	26,355,920	....	23,004,643	...	34,268,778	...	18,387,661	...	54,503,010	...

(a) The percentages are those on gross cropped area (item 19). (b) The figures for Bengal are approximate and taken from the Statistical Atlas.

Elimination of Cropped Land in Unknown Tracts.

Details.	Bombay.			Madras..	North-West Provinces.	Punjab.	Remarks.
	Presidency proper.	Sind.	Total.				
Unknown Area . . . . . Acres	2,710,016	15,526,325	18,236,341	31,977,749	4,997,720	4,576,377	The last item gives the estimated area of cropped land in unknown tracts. The actual area under the various crops in each province can be roughly obtained, if necessary, by distributing this cropped area in proportion to the percentages which are shown against each crop, and adding the area thus obtained to that entered in the table.
Percentage of unknown Area to gross Area	5·9	62·3	29·2	35·5	12 9	6·6	
Percentage of cropped Area to gross Area in unknown Tracts	55·3	16·7	22·4	39·6	54·5	29·0	
Cropped area in unknown Tracts (Estimate)	1,498,638	2,592,896	4,09[illegible],534	12,663,188	2,723,757	1,327,149	

Details.	Bombay.						Madras.		N.-W. Provinces.		Punjab.		Bengal.		Remarks.
	Presidency proper.		Sind.		Total.										
	Acres.	Per cent.	Acres.	Per cent.	Acres.	Per cent.	Acres.	Per cent.	Acres.	Per cent.	Acres.	Per cent	Acres.	Per cent.	
1. Rice .	1,560,217	6·1	456,063	27·0	2,016,280	7·4	6,165,132	25·0	6,274,052	15.3	734,058	3·6	*37,500,000	68·8	* Approximate only.
2. Wheat .	1,957,069	7·7	193,709	11·5	2,150,778	7·9	31,024	0·13	5,109,953	12·5	6,136,565	30 2	850,000	1·5	
3. Oilseeds .	1,803,308	7·1	168,670	9·97	1,971,978	7·3	1,548,194	6·3	1,030,775	2·5	631,688	3·1	2,000,000	3·7	
4. Cotton .	2,840,029	11·2	66,679	3·93	2,906,708	10·7	1,487,204	6·0	1,885,721	4·6	1,093,405	5 4	300,000	0·6	
5. Jute .	...	...	50	...	50	...	13,318	0·05		...	...	...	800,000	1·4	
6. Sugarcane .	78,100	0·31	1,926	0·11	80,026	0·3	44,312	0·18	1,060,785	2·6	354,281	1·74	350,000	0·7	
7. Indigo .	4,113	...	69	...	4,182	...	424,534	1·72	290,070	0·72	93,796	0·46	1,300,000	2·4	
8. Coffee .	137	...	...	...	137	...	54,924	0·22	...	...	...	...	10	...	
9. Tea .	12	...	...	...	12	...	6,001	...	8,373	0·02	8,765	0·04	50,000	0·1	
10. Tobacco .	86,177	0·34	7,964	0·47	94,141	0·35	74,717	0·30	52,651	0·13	46,437	0·22	200,000	0·4	
11. Cinchona .	...	...	...	...	...	...	7,925	...	...	...	...	...	3,000	...	
Total .	8,329,162	32·75	895,130	52·98	9,224,292	33·95	9,857,285	39·90	15,712,380	38·37	9,099,995	44·76	43,353,010	79 6	

Note.—This table is an abstract of Table H (*vide* remarks made at foot of Table H).

J.—*Irrigated Area, 1886-87.*

Details.	Bombay.			Madras.	Nor'h-West Provinces.	Punjab.	Bengal.
	Presidency proper.	Sind.	Total.				
	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.
1. Irrigated from Canals . ..	100,347,	1,330,662	1,431,009	2,540,650	1,222,972	2,615,944	* 400,000
Per cent.	13 3	85·8	62·06	42·3	15·6	39 9	40·0
2. Irrigated from tanks, wells, &c.	654,421	220,544	874,965	3,459,272	6,615,417	3,939,648	600,000
Per cent. . . .	86·7	14 2	37·94	57 7	84·4	60 1	60·0
3. Total Irrigated Area . .	754,768	1,551,206	2,305,974	5,999,922	7,838,389	6,555,592	1,000,000
4. Total Cultivated (net cropped) .	24,788,452	1,567,468	26,355,920	23,004,643	34,268,778	18,387,661	54,500,000
5. Percentage of Irrigated Area on Cultivated Area . .	3 1	98·9	8 7	26·1	22·8	35·6	18·4

The Bengal figures are approximate and taken from the Statistical Atlas.

K.—*Incidence of Land Revenue on Produce.*

Province.	Outturn per Acre of food-grains. (Bushels.)	Analysis of Out-turn. Superior Grains. Bushels.	Superior Grains. Price per Bushel.	Superior Grains. Total Price (of 5).	Inferior Grains. Bushels	Inferior Grains. Price per Bushel.	Inferior Grains. Total Price (of 8).	Both. Total Price (of 3 and 6).	Incidence per Acre of cultivated Area in decimals of £1.	Incidence per 100 Bushels in decimals of £1.	Percentage of the value in money of each Acre taken as Tax.	Percentage of Land Revenue upon value of Produce (Famine Commission Report).
1	2	3	4	5	6	7	8	9	10	11	12	13
			R a. p.	R a. p.		R a. p.	R a. p.	R a. p.				
Bombay . .	7	1¼	2 10 3	3 2 8	·5¼	1 6 7	8 2 11	11 5 7	0·11	1·57	9 7	7·6
Madras . .	11	3⅜	2 2 2	7 4 2	·7⅜	1 2 2	8 9 2	15 13 4	0·11	1·00	6 9	6·3
North-West Provinces .	13	4⅓	2 6 7	10 7 2	8⅔	1 13 0	15 11 4	26 2 6	0 16	1·23	6·1	7·8
Bengal . .	13	10⅔	2 5 0	24 8 2	2⅓	1 13 0	4 5 7	28 13 9	0 08	0·61	2·8	3·9
Punjab . .	11	4⅔	1 15 3	8 9 6	6⅓	1 13 0	11 5 10	19 15 4	0·09	0·81	4·5	5·6

Remarks:—

Column 2.—The figures are taken from the Famine Commission Report, Part II, pages 71–75.
Do 3.—The figures are calculated from the areas under wheat and rice in the Agricultural Statistics.
Do. 4.—The figures are calculated from those in the Agricultural Statistics.
Do. 6.—Calculated from the figures in the Agricultural Statistics. The crops are: jowari, bajri, ragi, barley, and maize.
Do. 7.—Calculated as in column 4 where provincial prices are given; where they are not, the known prices in the nearest province are applied to the unknown province.
Do. 10.—The figures are taken from the Table on page 112 of the Famine Commission Report, Part II.
Do. 11.—Calculated by proportion on columns 2 and 10.
Do. 12.— Do. from columns 9 and 10.
Do. 13.—These are the percentages of Land Revenue on produce of the Famine Commission Report, page 112, Part II.

Note.—This table has been drawn up to shew apparent error in the conclusions drawn by the Famine Commissioners from their figures on page 112 of their Report (Part II). While accepting the Famine Commissioners' figures as to incidence of Land Revenue per cultivated acre, it has been shown that even without reference to prices, this is far from representing the true burden of land taxation, inasmuch as in the Commissioners' own shewing (in pages 71–74 of their Report) the productive powers per acre differ widely in each Province. Again, the Famine Commissioners in finding the percentage of Land Revenue on the value of produce have assumed a uniform value of £5 per ton of food-crops in all Provinces, which this table shews to be far from the case. When the nature of the outturn per acre for each Province is analysed and the differences of price are taken into consideration, the adjustment of the burden of taxation on the various Provinces is found (in column 12) to be very different from what the Commissioners (see column 13) supposed it to be. On all these points the Table speaks for itself, and no detailed explanation appears necessary, except a few words as to the manner in which the calculations of price in columns 4 and 7 have been arrived at. For column 3 the superior crops are wheat and rice for all Provinces; and the proportions which the figures of this column bear to those of column 2 are the proportions which in Table I the area of these crops bears to the area of the inferior crops. The prices of these superior crops are given for all Provinces in the Agricultural Statistics (Form III—E.I), and the calculation of the figures of column 4 presented no difficulty In column 6 the inferior grains are principally the millets, jowari, bajri, and ragi; but for the three Northern Provinces barley and maize have been included. The prices of bajri and jowari are given in Form III—E.I. for Bombay, Madras, and the Punjab, and those of maize and barley are also given for the Punjab, and that of ragi for Madras; but the price of ragi (or náchni) is not given for Bombay, and no prices at all have been given for the North-West Provinces or Bengal. Consequently it has been found necessary, for the purposes of column 7, to assume that in Bombay ragi has the same price as in Madras; and that for all the inferior crops the Punjab prices rule also in North-West Provinces and Bengal. In so far as these assumptions are erroneous (if at all), the Bombay, North-West Provinces and Bengal figures of column 7 will be incorrect, and the subsequent deductions false; but in all probability the error is not great.

L.—Incidence of True Taxation after distribution of Customs and Salt Revenue, proportionate to Population.

Details.	Bombay.	Madras.	North West Provinces.	Bengal.	Punjab.
		(Rupees in thousands)			
1. Land Revenue	4,19,88	4,41,32	5,71,00	3,82,00	2,12,47
2. Stamps	48,30	59,50	65,00	1,38,75	36,50
3. Excise	94,40	96,00	56,50	1,00,75	13,90
4. Provincial Rates	26,85	65,50	66,69	81,75	37,30
5. Assessed Taxes	33,50	14,50	21,60	37,00	9,90
6 Forest (Grazing fees)	3,50	90	86	7	1,71
7. Registration (Net Revenue)	1,37	2,78	1,75	4,40	1,04
8. Land Revenue due to Irrigation	6,12	38,60	8,72	...	4,32
9. Civil Works (Tolls and Ferries)	4,24	8,33	7,90	5,19	5,50
TOTAL 1—9	6,38,16	7,27,51	7,99,03	7,58,91	3,22,64
Add—Proportionate share of (*a*)—					
10. Salt	51,20	1,15,75	82,70	1,89,65	44,18
11. Customs	8,86	16,62	23,76	35,92	10,15
GRAND TOTAL 1—11	6,98,22	8,59,88	9,06,39	9,84,48	3,76,97
12. Deduct refunds	(*b*) 94,65	2,84	1,80	5,56	1,08
13. Net Amount of True Taxation	6,03,57	8,57,04	9,04,59	9,78,92	3,75,89
14. Incidence per head on 13 ₹ *a. p.*	3 10 8	2 12 5	2 0 9	1 7 6	1 15 6

(*a*) For details see Table L—1.

(*b*) Including 87,60 under Alienations.

L—1.—Distribution of Salt and Customs Revenue.

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.	Other British Provinces.	Native States.	Total India.	Remarks.
			(Rupees in thousands)						
1. Total population	1,64,54	3,08,63	4,41,07	6,66,91	1,88,50	2,18,20	5,51,50	25,39,40	
2. Salt—Rate of consumption per head, lb	9·96	12	6	9·1	7·5*	...	...	...	
3. Total consumption in maunds	20,48	46,30	33,08	75,86	17,67	...	...	...	Total of five Provinces— 1,93,39
4. Duty at R2½ per maund	51,20	1,15,75	82,70	1,89,65	44,18	...	...	...	4,83,48
5. Incidence of duty per head ₹ *a. p.*	0 4 11½	0 6 0	0 3 0	0 4 6½	0 3 9	...	...	...	
6. Salt revenue proportionate to population	44,25	83,01	1,18,61	1,79,35	50,09	...	...	6,72,31	
7. Total Customs, proportionate to population	8,86	16,62	23,76	35,92	10,15	...	...	1,34,66	
8. Incidence of Customs Revenue per head ₹ *a. p.*	0 0 10½	0 0 10½	0 0 10½	0 0 10½	0 0 10½	...	...	...	
9. Total Salt and Customs (items 4 and 7)	60,06	1,32,37	1,06,46	2,25,57	54,33	...	...	...	

*For Cis-Indus Districts.

M.—Distribution of 19½ *crores referred to in paragraph 36, proportionate to Population.*

Details.	Bombay.	Madras.	North-West Provinces.	Bengal.	Punjab.	Other Provinces.	Total, India.
			(₹ in thousands.)				
1. Total population	1,64,54	3,08,68	4,41,07	6,66,91	1,88,50	2,18,20	19,87,90
2. Amount proportionate to population ₹	1,61,40	3,02,80	4,32,66	6,54,19	1,84,91	2,14,04	19,50,00
3. Amount now actually paid (*a*) ₹	2,50,23	3,99,97	4,78,47	4,02,41	1,92,22	...	...
4. Surplus or deficit of item 3 over item 2, ₹	+88,83	+97,17	+45,81	−2,51,78	+7,31	...	...
5. Amount per head of item 2 ₹ *a. p.*	0-15-8	0-15-8	0-15-8	0-15-8	0-15-8	...	...
6. Amount per head of item 3 ₹ *a. p.*	1-8-4	1-4-9	1-1-4	0-9-8	1-0-4	...	...
7. Surplus or deficit per head of item 6 over item 5 ₹ *a. p.*	+0-8-8	+0-5-1	+0-1-8	−0-6-0	+0-0-8	...	...
8. Increase or decrease per cent. of item 7 on item 5 . . .	+55·3	+32·4	+17·0	—38·3	+ 4·2	...	...

(*a*) *Vide* item 5, Appendix G.

N.—Incidence of Land-Tax per Acre in Bengal.

Class.	Average Assessment per Acre.	Area directly administered: Square Miles.	Acres.
I	Over Re. 1	8,592	5,498,880
II	As. 10—14	26,326	16,848,640
III	As. 8—10	13,778	8,817,920
IV	As. 6—8	22,436	14,359,040
V	As. 4—6	22,572	14,446,080
VI	As. 2—4	18,247	11,678,080
VII	As. ½	33,265	21,289,600
VIII	As. 1·4	5,465	3,497,600
	Total .	150,681	96,435,840
Paying over 8 annas per Acre		48,696	31,165,440
Paying 8 annas and under		101,985	65,270,400

Note.—Class VII includes Chota Nagpur, Chittagong Hill Tracts, and Angúl in Orissa. Class VIII consists of the Santal Parganas, and Classes I–VI comprise all the rest of Bengal, Behar, and Orissa directly administered, except the city of Calcutta and Sunderbans.

NOTE BY Mr. WESTLAND ON Mr. RICHEY'S MINUTE.

I.

Mr. Richey presents the following statement of the contribution made by each province which he designates "Imperial net Revenue" (paragraph 14):—

	Bengal.	North-Western Provinces.	Punjab.	Madras.	Bombay.
In Lakhs.					
Gross Revenue and Receipts	9,91	8,91	6,12	8,25	7,92
Gross Expenditure	5,84	4,13	4,20	4,25	5,42
Net . .	4,07	4,78	1,92	4,00	2,50

The figures are entirely independent of Opium, Salt, Customs, and Tributes.

2. The corresponding figures as deduced by me in my note of December 11th are :—

	Bengal.	North-Western Provinces.	Punjab.	Madras.	Bombay.
See Statements B.					
Net Revenue Accounts, including Court-fees . .	6,37	7,03	...	5,94	4,59
Deduct amount required for Provincial purposes .	1,98	1,61	...	1,60	1,58
Balance . .	4,39	5,42	...	4,34	3,01
Deduct grants for Local and Irrigation, &c.—*see Statements A*	43	41	...	49	42
Also Bombay Expenditure on Irrigation not provincialised	...	...	...	...	14
Remaining for purposes outside the Provincial Accounts	3,96	5,01	...	3,85	2,45

3. The two sets of figures bring out nearly the same result, and any arguments based on them would follow much the same lines. Mr. Richey's are apparently those of the particular year 1886-87; I have not been able to trace any original accounts which shew them exactly, but they agree in a rough way with the final figures of that year;—mine are based upon the estimates of Revenue and Expenditure used for the purposes of the contract. The main difference is, that Mr. Richey's include, and mine exclude, consideration of the cost of Imperial services; but as mine are based upon a more detailed examination, they are probably more trustworthy for purposes of comparison, or at least the comparison can be pushed into greater detail. The purport of the comparison, however, whichever way taken, is the same.

As I am examining Mr. Richey's note I shall use his figures.

4. The use he makes of them is shewn in the following quotation :—

"To ascertain whether Bombay receives a subsidy from other provinces which it spends on local objects is easy. So far as can be gathered from the accounts accessible to us, the whole of the public expenditure in Bombay—Imperial (including Army), Provincial, and Local—is met by those revenues of Bombay which are in the administrative charge of the Provincial Govern-

ment, and a surplus of some 10 lakhs is left to be added to the revennes, Salt, Customs, &c., which, contributed by Bombay, are remitted to England or spent in other provinces. The account appears to be as follows, details being shewn in Appendix G :—

"Imperial Net Revenue from all heads (except Opium, Salt, and Customs).

Details.	Bombay.	Madras.	North-Western Provinces.	Bengal.	Punjab.
		(₹ in thousands).			
1. Imperial Net Revenue	2,50,23	3,99,97	4,78,47	4,02,41	1,92,22
2. Incidence per head . . . ₹ a. p.	1 8 4	1 4 9	1 1 2	0 9 0	1 0 9
3. Deduct from item 1 net expenditure on Army .	2,40,04	4,05,70	No details for army expenditure are available for these provinces.		
4. Surplus or deficit	+1,019	—573			

"So far then from Bombay drawing anything from other provinces, its annual income is drawn upon to the extent of ₹10,19,000 for expenditure in other Provinces."

5. If these figures in any way gave a true representation of the facts, they would give a result extremely unfavourable to Bombay. The 10,19, of course, is not in any sense "spent in other provinces." Even the poorest provinces in India produce more revenue than is locally spent,—the surplus, both of Bombay and of all the other provinces, is gathered into the General Account, and is spent (as shewn in the Government of India letter) upon interest on Debt, charges on Railway Debt, Frontier Defence, Pension and Army charges in England, &c., &c. If it were true that Bombay contributed, from its provincial revenues, only ten lakhs towards this account, the contribution would be wofully inadequate.

6. Mr. Richey has not filled in the details of Military Expenditure for the provinces of Northern India; the details it is impossible, as he says, to give, and they would have no meaning if given, but the totals would stand as follows :—

	Northern India.	Madras.	Bombay.
Net Imperial Revenue . . .	10,73,10	3,99,97	2,50,23
Net Army Expenditure . . .	7,40,00	4,05,70	2,40,04
Surplus or Deficit	3,33,10	—5,73	10,19

These are all Mr. Richey's figures, except the 7,40,00 which I have inserted.

7. Now, if any conclusion is to be drawn from these figures directly, it would be that, whereas Bengal, North-Western Provinces, and Punjab contribute something over a crore apiece towards *some* General Account of Imperial expenditure, Bombay contributes only 10 lakhs and Madras nothing.

8. But this conclusion would be utterly misleading: the figures of Net Army Expenditure do not refer to the several provinces in the same sense that those of net revenue do. The Northern India figure includes nearly the whole of the charges on the North-Western Frontier, which are certainly common to all India; and it includes most of the charges in Rajputana. The figure under Madras includes the expenditure in Lower Burma, at Secunderabad, and at Bangalore, and in this particular year includes 130 lakhs, the main portion of the expenditure on the conquest and settlement of Upper Burma. The

Expenditure under Bombay includes that in the Central Provinces and part of that in Central India. In short, it is not possible to distribute Army charges by Provinces; their distribution depends upon entirely different principles, and it is not possible to take the Military Account in any other way than as a General Account for the whole Empire. It must be part of the General Account to which all the Provinces have to contribute.

9. We must, therefore, leave it out of all consideration in any figures drawn up for comparison between provinces, and leaving it out we come back to the following comparative statement of Mr. Richey's figures:—

Province.	Total Revenue of the Province.	Spent within the Province.	Left for the General Account.
Bengal . . .	9,90,61	5,84,23	4,06,38
N.-W. Provinces . .	8,91,06	4,12,59	4,78,47
Punjab . . .	6,12,61	4,20,39	1,92,22
Madras . .	8,24,74	4,24,78	3,99,96
Bombay . . .	7,91,53	5,42,02	2,49,51

10. These are the *gross* figures; if the *net* figures were set forth, they would be somewhat as follows (see statement in para. 2 above):—

	Bengal.	North-Western Provinces.	Madras.	*Bombay.*
NET REVENUE—				
Land Revenue	373	566	443	300
Stamps (General)	33	13	21	17
Excise	95	53	85	88
Assessed Taxes	34	20	11	28
Forests	3	6	2	13
Registration	5	2	3	1
Refunds	—2	—4	—6	—15
TOTAL	541	656	559	432
Deduct spent within the Province—				
Provincial	102	112	124	131
Local	15	45	22	39
Irrigation (including Imperial) . . .	26	3	34	14
TOTAL SPENT .	143	160	180	184
Balance remaining for Imperial Services . .	398	496	379	248

Mr. Richey's figures do not materially differ from the above.

II.

11. These being the figures of the several provinces, the question to which Mr. Richey then addresses himself is that of the fairness, as between provinces, of the several contributions shewn in the last line. The basis of comparison adopted by Mr. Richey is that of incidence of taxation per head, the principle being adopted that, if one province pays 4 annas per head and another 2 annas per head; the contribution of the former is, comparatively, twice as great as the latter.

12. I so entirely differ from Mr. Richey's views as to the value of this as a standard of comparison that I am quite unable to accept the conclusions based upon it.

13. Take Land Revenue for example, which is everywhere by far the most important element of taxation (using that word in its general sense). To say that the burden of taxation is measured by its incidence per head seems to me to involve the following fallacy. Suppose the population of Bombay doubled—cultivation, assessment, and amount of Land Revenue remaining the same. The incidence *per head* is obviously now only one half what it was before; yet there cannot be a doubt that the burden, instead of being halved, has been increased. I think there can be no doubt that the R2 a head which is paid in Bombay may easily be (and the Government of India discussing the subject in 1882 formed and acted upon the opinion that it was) a much heavier burden than the R1¼ per head paid in the North-West.

14. I have placed in the hands of the Members of the Conference, investigations made upon this very subject by Mr. Barbour in 1881, upon data supplied (and accepted) by the several Local Governments. The incidence per head of Land Revenue which he gives is nearly the same as Mr. Richey's, but his figures go a little farther, and shew not only how much taxation falls on the cultivator; but upon what resources it falls. His statistics are as follow, in rupees per head of population :—

	Gross Produce.	Payments of Rent and Revenue.		To cultivator.	Balance (*a*) remaining on the whole.
		Reach Government.	Do not reach Government.		
Bengal	15·9	·8	1·4	13·7	15·1
North-Western Provinces .	16·4	1·6	1·0	13·8	14·8
Madras	19·0	1·7	·8	16·5	17·3
Bombay	22·4	2·2	·3	19·9	20·2

(*a*) (That is, in Bengal net produce of 15·1 remains to the population after payment of Government Land Revenue, but of this 13 7 only remains to the cultivator, and 1·4 passes on to the middleman.)

15. These figures seem to me to shew, that though the Land Revenue per head is higher in Bombay than elsewhere, it is so assessed as to leave to the population a higher balance of produce than anywhere else. That is, its incidence is less severe.

16. Go on to Assessed Taxes. Can the rate per head here be taken as the measure of the incidence? No Government adopts such a principle in its own administration.

Take, for example, the following comparison taken from the Bombay Report :—

Income Tax in	Incidence per head.
Bombay City	R1·82
Kolaba District	·06
Ratnagiri District	·016

It would never be pretended that the burden of the tax was greater in one place than in the other; or that, if it were necessary to raise new resources, it would be just to say that Bombay City should be exempted and Ratnagiri

heavily taxed because the incidence of assessed taxes was comparatively so great in Bombay City.

17. I am disposed to admit that the tax is more fully assessed in Bombay than in other provinces; but still even let us concede to the argument that if the tax were as fully assessed in Bengal and in Madras as it is in Bombay, we would get an increase of 50 per cent. in Bengal or of 100 per cent. in Madras. In this case, therefore, assessing equally in all places, we might get at most—

	Annas per head.
Bengal, 51 lakhs	1 2
Madras, 26 „	1 5
Bombay, 28 „	3 2

Considering how this tax is assessed, and that the principles and law of assessment are everywhere the same, it seems to me that the legitimate conclusion from these figures is—not that the tax in Bombay falls more heavily than in other places, but that the wealth in Bombay, which is laid under taxation, greatly exceeds that of other Provinces.

18. Then take the Revenue by stamps. Again, the incidence in Bombay is greater per head than in other Provinces. But this can only arise from the fact that the transactions upon which duties are levied are more frequent, and of greater magnitude, in Bombay than elsewhere. Mr. Barbour, in his investigation, took this greater incidence in Bombay as direct evidence that Bombay was more wealthy than other provinces (see paragraphs 70 and 85), and I confess that to me this appears a more legitimate conclusion than that Bombay bears a greater burden of taxation.

19. For these reasons I cannot help traversing Mr. Richey's conclusions on this point, and the evidence he brings in support of the statement that Bombay is more highly taxed in proportion to its resources seems to me only to go so far as to shew how much greater its resources are, but not that they in any way bear more than their own share of taxation.

I do not take up the positive part of the question nor enter into other matters arising in Mr. Richey's minute. My object in this Note is only to submit the objections which present themselves to my mind to the main deductions which have been drawn from the statistics marshalled by Mr. Richey.

December 17, 1888. J. W.

SECOND MINUTE BY MR. RICHEY.

I must make a few remarks upon Mr. Westland's Note on my Minute, first observing that, in communicating the Minute, I disclaimed responsibility for absolute accuracy of figures, and claimed only that the figured statements were sufficiently near the truth to support the conclusions which I desired the Bombay Government to accept as the basis of their reply to the letter of 2nd October.

In part I of his Note Mr. Westland has clearly shewn that it is impossible for any Provincial Government to make an account with the Government of India which shall include its share of military expenditure, and that the attempt made in my Minute to do so is misleading.

Mr. Westland also thinks that it is incorrect to speak of the surplus of any province which goes into the General Account being "spent in other provinces." I will not dwell upon the fact that the portion of the general revenues spent in India does undoubtedly benefit some provinces at the expense

of others. The Punjab, for instance, must benefit by the income it receives in pay and pensions of Sikh soldiers, in wages paid for military works, &c., &c. In paragraph 15 of my Minute I have fully recognised that it is incidental to our common interests that this should be so; it is not complained of, but the fact remains, in my judgment, that it is fair to speak even in *this* sense of the surplus of one province being spent in another.

But the letter of 2nd October distinctly alleges that a portion of the surplus of other provinces is spent in Bombay *not* on objects in which all have a common interest, but on objects of a purely local character. The Government of India recognises that revenues paid into the General Account come from provincial sources, and that, under existing arrangements, it is possible for one province to contribute taxation which is to be spent in another—see paragraph 39 of the letter of October, last sentence.

This is in fact what was alleged against Bombay, and what—quite apart from the attempt to make an account including military charges—I claim to have entirely disproved in my Minute; and if I was wrong in saying that Bombay supplied money to be spent in other provinces, I erred in company with the Government of India, who say that provinces that do "not bear their burdens pass them on to others."

In part II of his Note Mr. Westland states that I have "adopted the principle" of comparing the contributions of different provinces by a comparison of incidence of taxation per head.

This is hardly the case; the whole gist of my Minute on the subject of contributions is that they should be proportioned *not* to population but to resources; I have only used population on the assumption that provinces are "fairly equal" in wealth *not derived from trade*, to give a "rough measure" of their proportionate contribution.

I may at once admit that assessed taxes, forests, some portion of stamp revenue, and other items should be excluded from such a comparison; but, on the whole, I think that on the main item of agricultural wealth it would be found that it is "roughly" proportioned according to population in the different provinces—a result no doubt of natural laws which have operated, within the province of Bombay, to make the rich agricultural area in Guzerat carry a population equal, if I mistake not, to the average of the North-Western Provinces. I think that the results of Mr. Barbour's investigations cited by Mr. Westland fully bear out this assumption. I need not examine them further than as they are cited by Mr. Westland, though other figures in Mr. Barbour's statements might be used in support of the assumption.

Mr. Barbour gives a range of value of gross produce per head from a minimum of 15·9 in Bengal to a maximum of 22·4 in Bombay, the estimates being taken from the Famine Commission's Report. The case for Bombay and as against Bengal in respect of proportion of contribution would be very amply sustained if these figures are accepted, but, for the reasons shewn in Appendix K to my Minute, I think that the value of gross produce in Bombay is considerably over-estimated, and I believe that a more detailed estimate would reduce the range of value per head to that of the other chief provinces, say from 15·9 to 19·0, which would be quite near enough to justify a distribution of burdens according to population, for a *rough* estimate of agricultural taxation. This, of course, would be a purely ideal assessment.

I do not pretend that it could be worked up to, and have never claimed, so far as I am aware, that Bombay is over-taxed. No province in India is over-

taxed; but all permanently-settled districts, whether in Bengal, Madras, or North-Western Provinces, are under-taxed; possibly in other directions, also taxation throughout India is unequal. If I have shewn as I claim to have done that in *no* item is Bombay deficient, then in the words of Mr. Westland's paragraph 18 the "legitimate conclusion" is "that Bombay bears a greater burden of taxation" than its neighbours, and, reverting to the table in paragraph 36 of my Minute, I think it can be sustained that if Bengal paid 2½ crores of additional land revenue, and the sums set against the other provinces were remitted, taxation would be much more evenly distributed than at present.

J. B. RICHEY.

21st December 1888.

THIRD MINUTE BY Mr. RICHEY.

Objection is taken to the powers at present exercised by Provincial Governments of increasing permanent charges under the heads of Expenditure called "Local" during the currency of a contract, as to some extent limiting the powers of the Imperial Government in retrenching provincial assignments at the commencement of a new contract.

It has been replied that the principles of administration upon which the contracts were based recognised no distinction between the claims for expenditure now classed as local and any other, and that it was intended that these charges should share in the growth of resources. The Resolution of 14th December 1870 distinctly recognises that locally raised revenues should not be applied to purposes which had previously been met from general revenues (paragraph 7), and that the Provincial Governments should apply the resources at their disposal to beneficial expenditure of a local character (paragraph 23). This principle was followed in the renewal of subsequent contracts in which the growth of local charges was accepted.

In the present condition of taxation, as pointed out by the Government of Madras in their letter, most provinces have no means to provide for this class of expenditure, except, by aid of general revenues, but "the machinery of public improvement," as it is called in paragraph 6 of the Government of India Resolution No. 3353 of 30th September, must necessarily grow in cost with the increase of population and of their wants, and many parts of the country are still in the earliest stage of development. It may also be replied that the exercise of the power objected to has not in fact restricted in any undue manner the powers of the Imperial Government to retrench assignments on renewal of contract. This is pointed out by the letter of the Government of the North-Western Provinces, and I find that the facts are that while the contract of 1882 gave us $\frac{3}{5}$ of revenue, that of 1887 gives us $\frac{1}{4}$—a sufficiently rapid encroachment;—and we were asked in the sitting of yesterday to consider whether a reduction to $\frac{1}{5}$ would extinguish the interest of Provincial Governments in Financial progress.

* This should be verified by reference to the heads, &c. See Government of India's No. 3353, paragraph 19.

I have claimed that now that we have met the Secretary of State's views as to retrenchment by surrender of surplus, the Government of India should, if further deficit threaten, impose taxation on Bengal in order to equalise burdens as directed by Lord Cross's despatch before demanding further retrenchments from more fully taxed provinces. My claim is, I think, further

supported by the undertaking of the Imperial Government in the Resolution of 30th September 1881, that it "will make no demands upon us except in the case of disaster so abnormal as to exhaust the Imperial reserves and resources" (paragraph 6). We have to accept the fact that though there is no "abnormal disaster," there is pressure upon Imperial Finance which entitled it to aid from the provinces, but I maintain that before that pressure is further transferred to the other Provinces the "reserves and resources" which the Imperial Government possess in the untaxed zemindari incomes of Bengal should be drawn upon.

J. B. RICHEY.

23rd December 1888.

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